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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

S4 15 Cr. 867 RMB

5 MEHMET HAKAN ATILLA,

6 Defendant.

7 -----x

8
9 November 30, 2017
10 9:15 a.m.

11
12 Before:

13 HON. RICHARD M. BERMAN,

14 District Judge
15 and a jury

16
17 APPEARANCES

18 JOON H. KIM,
19 United States Attorney for the
20 Southern District of New York

21 MICHAEL D. LOCKARD,
22 SIDHARDHA KAMARAJU,
23 DAVID W. DENTON, JR.,
24 DEAN C. SOVOLOS,
25 Assistant United States Attorneys

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(APPEARANCES Continued)

HERRICK, FEINSTEIN LLP (NYC)
Attorneys for defendant Atilla
BY: VICTOR J. ROCCO, Esq.
THOMAS ELLIOTT THORNHILL, Esq.
- and -
FLEMING RUVOLDT, PLLC
BY: CATHY ANN FLEMING, Esq.
ROBERT J. FETTWEIS, Esq.
- and -
LAW OFFICES OF JOSHUA L. DRATEL, P.C.
BY: JOSHUA LEWIS DRATEL, Esq.
Of counsel

Also Present:

JENNIFER McREYNOLDS, Special Agent FBI
MICHAEL CHANG-FRIEDEN, Paralegal Specialist USAO
MS. ASIYE KAY, Turkish Interpreter
MS. SEYHAN SIRTALAN, Turkish Interpreter
MR. M. TEKIN ESENDAL, Turkish Interpreter
MR. BULENT BULUT, Turkish Interpreter

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1 (At the sidebar)

2 MR. ANELLO: Two quick applications. One is that
3 Mr. Zarrab would be more comfortable if he could be in civilian
4 clothes today.

5 THE COURT: No problem.

6 MR. ROCCO: No objection.

7 MR. KAMARAJU: And the government doesn't object. But
8 just because, for example, defense counsel opened on --

9 THE COURT: Hold on one second though. We should
10 indicate that you are.

11 MR. ANELLO: I'm counsel for Reza Zarrab in connection
12 with his appearance as a witness.

13 MR. KAMARAJU: Obviously the government doesn't object
14 to that in light of the concerns raised yesterday. But we
15 would note that given that defense counsel opened on the
16 concept of coddling Mr. Zarrab, and I believe in particular
17 used the line "he's reasonable doubt in a suit," we just intend
18 to elicit testimony as to why he's in different clothes and he
19 is still in custody this morning.

20 MR. ROCCO: They didn't want to concede when he's in a
21 suit he is reasonable doubt.

22 THE COURT: Two things. My remarks yesterday were
23 just an observation. I wasn't directing anybody to do
24 anything. But it's such common practice that I don't think it
25 needs any discussion, to be honest with you. If you feel you

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1 have to, I guess you can. But really, it happens all the time
2 in my experience. And when the application is made, I always
3 grant it. It is up to you.

4 MR. KAMARAJU: It would be a very quick part at the
5 beginning, your Honor. I don't intend to belabor it.

6 THE COURT: All right. We should do it quickly
7 because they haven't brought up Mr. Atilla because Mr. Zarrab
8 is here. So we'll bring Mr. Zarrab out. Then we get
9 Mr. Atilla. We can't start without Mr. Atilla.

10 MR. ANELLO: Okay. The other issue, your Honor, is
11 yesterday, we got served with a subpoena, apparently a subpoena
12 for records. At this point, I've taken a look at it, it's
13 subject to many objections, it is wildly improper. But I think
14 what I would like to do is have an opportunity to talk to the
15 defense counsel, see if it can be worked out and narrowed. We
16 may still have issues and we may be before your Honor with a
17 motion. But, even the scheduling of that is something I would
18 want to talk to defense counsel.

19 MR. ROCCO: We offered this to Mr. Anello yesterday
20 and we're happy to talk to him.

21 THE COURT: Whenever you find time.

22 MR. ANELLO: Thank you, Judge.

23 THE COURT: I'm going to bring up Mr. Zarrab and then
24 Mr. Atilla.

25 (In open court; jury not present)

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1 THE COURT: I think we're still waiting for one juror.
2 I think we probably have another five minutes or so.

3 MR. KAMARAJU: Your Honor, at a point in the direct
4 testimony I'm also going to put that one back up.

5 THE COURT: Do you need that closer because it's
6 harder to see?

7 MR. KAMARAJU: I was going to ask the witness to do
8 the same thing he did yesterday.

9 THE COURT: Sure. Could we have the jury here now.

10 (Continued on next page)

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Zarrab - Direct

1 (Jury present)

2 THE COURT: We'll continue with the direct examination
3 of Mr. Zarrab.

4 THE DEPUTY CLERK: Sir, before we begin I'd like to
5 remind you that you're still under oath.

6 THE WITNESS: Yes.

7 THE DEPUTY CLERK: You can be seated. Thank you.

8 REZA ZARRAB,

9 called as a witness by the Government,

10 having been previously sworn, testified as follows:

11 DIRECT EXAMINATION (Continued)

12 BY MR. KAMARAJU:

13 Q. Good morning Mr. Zarrab.

14 A. Good morning, sir.

15 Q. Just quickly, I couldn't help but notice you're wearing
16 different clothes today. Why is that?

17 A. Yes, my lawyers informed me yesterday that I could wear
18 different clothes with the permission of the honorable judge,
19 so I am wearing the clothes that they brought for me.

20 Q. To be clear, are you still in the custody of the FBI?

21 A. Yes, sir.

22 Q. Why were you moved to the custody of the FBI?

23 A. For security purposes, for the threats that I had
24 perceived.

25 Q. Has anybody made any promises to you about whether you'll

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Zarrab - Direct

1 be returned to the bureau of prisons after your testimony?

2 A. No.

3 Q. Has anybody made any promises to you as to whether you'll
4 be returned to the bureau of prisons after trial?

5 A. No.

6 THE COURT: So, counsel, Mr. Anello will appreciate
7 that I may be overly sensitive to the clothing issue, and the
8 reason is that I'm always hearing in the back of my head my
9 wife saying "What are you wearing?" So, anyway.

10 MR. KAMARAJU: I don't have any more questions, your
11 Honor.

12 Q. Mr. Zarrab, I'd like to direct your attention to October of
13 2012.

14 A. Yes, sir.

15 Q. Were you still conducting the Iranian gold business at
16 Halkbank?

17 A. Yes, sir.

18 Q. Did you have meetings about that business that month?

19 A. Yes, sir.

20 Q. Approximately when was your first set of meetings during
21 that month?

22 A. It was about the beginning of October.

23 Q. Who was the first meeting with?

24 A. It was between me and Iranians.

25 Q. Where was that meeting?

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Zarrab - Direct

1 A. It was at Swissôtel in Istanbul, Turkey.

2 Q. Who attended that meeting?

3 A. From the Iranian side, those from NIOC and from NICO. And
4 then Indians who were purchasers of oil from Iran joined. And
5 also another individual from Turkish petroleum companies also I
6 remember that came and left.

7 Q. Do you remember which of the Iranian officials were at that
8 meeting?

9 A. Those that I remember include Nikousokhan, Mr. Alipoor,
10 Mr. Rajaeieh was there, Mr. Jashnsaz was there, Mr. Ghalebani
11 came and left.

12 Q. Let's go through that. Who is Nikousokhan?

13 A. The person at the head of the financial department within
14 NIOC, the person with the highest authority in that department.

15 Q. Remind us what is NIOC.

16 A. (In English) National Iran Oil Company.

17 (Through Interpreter) National Iranian Oil Company, the
18 government owned Iran's petroleum company.

19 Q. Who is Alipoor?

20 A. Alipoor is the second person authority after Mr. Jashnsaz
21 that works at NICO, which is affiliated with NIOC.

22 Q. Remind us who is Rajaeieh.

23 A. Rajaeieh, Mr. Rajaeieh is at the head of Sarmayeh Exchange.
24 He is the CEO and he's the person with the most authority in
25 there.

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Zarrab - Direct

1 Q. Who is Jashnsaz, if I got that right?

2 A. Mr. Jashnsaz is is the highest authority in NICO company
3 which is affiliated with NIOC.

4 Q. Who is Ghalebani?

5 A. Mr. Ghalebani was the highest authority in charge of NIOC
6 during that time period.

7 Q. I believe you've testified there was some Indian
8 individuals there. Who were they?

9 A. I don't remember the name of the company that they
10 represented. But, I believe that it started with an H, and
11 this was the company that would be -- that was buying crude oil
12 products from Iran from -- Indian company that was buying
13 petroleum products from Iran.

14 Q. What was the purpose of the meeting?

15 A. In summary, the meeting entailed the moneys that were
16 accumulating in India just as the crude oil sales proceeds were
17 accumulating in Halkbank in Turkey. We discussed how to move
18 the accumulated money from India to Turkey.

19 MR. KAMARAJU: Your Honor, with the Court's
20 permission, I'd ask that Mr. Zarrab be allowed to explain using
21 the diagram.

22 THE COURT: Sure.

23 Q. Mr. Zarrab, could you please come down off the witness
24 stand. And if you could explain what you mean using Government
25 Exhibit 9502. Maybe turn it a little.

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Zarrab - Direct

1 MR. ROCCO: We'd like to see it.

2 MS. FLEMING: Turn it this way, a little bit.

3 MR. ROCCO: Thank you.

4 THE COURT: Can the jurors see?

5 A JUROR: Yes.

6 Q. Okay. Could you please describe what you were summarizing
7 a moment ago.

8 A. In short, in order for what I'll say to make sense, I will
9 go over this diagram that I had drawn yesterday in terms of the
10 section that pertains to what I will talk about.

11 The crude oil that NIOC sells to Turkey, they would
12 sell to different countries just the same way. For example,
13 they sell to India, they sell to China, they sell to Korea,
14 they sell to Japan. These are the ones that I remember, there
15 are different countries such as Italy also.

16 And India is one of the countries that purchases crude
17 oil from NIOC, just like the Republic of Turkey. The proceeds
18 that accumulate in the NICO account in India from the sales
19 obtained from the crude oil sales --

20 THE INTERPRETER: I'm being asked to correct. NICO is
21 corrected as NIOC.

22 A. So the attempt was to bring that accumulated money over to
23 Halkbank.

24 Q. What was the purpose of bringing that money to Halkbank?

25 MS. FLEMING: Objection, your Honor.

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Zarrab - Direct

1 THE COURT: Overruled.

2 THE WITNESS: Should I continue?

3 THE COURT: Yes.

4 A. In order to use the money within the same system, because
5 this system was not feasible in India, it was easier to access
6 the money at Halkbank to be used in Turkey.

7 Q. Okay, Mr. Zarrab, if you could please return to the witness
8 stand.

9 I'd like to show you what's been marked for
10 identification as Government Exhibit 202-T. If we can publish
11 that -- not -- sorry. Withdrawn. If we can just show that to
12 the witness starting at page two.

13 Mr. Zarrab, just take a moment to review this, please.

14 A. Yes, sir.

15 Q. Do you recognize this exhibit?

16 A. I recognize it, sir.

17 Q. What is it?

18 A. This is a transcript of a phone conversation between myself
19 and Mr. Onur Kaya.

20 Q. Do you remember this phone call?

21 A. I remember, sir.

22 Q. Do you remember listening to this phone call?

23 A. Yes, sir.

24 Q. Who participated in the call?

25 A. Onur Kaya and myself.

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Zarrab - Direct

1 Q. Do you remember approximately when this call occurred?

2 A. Approximately the beginning of October.

3 Q. Which year?

4 A. 2012.

5 Q. Who is Onur Kaya?

6 A. Mr. Onur Kaya was the chief of staff for Mr. Caglayan, who
7 was the minister of the economy in Turkey at that time.

8 Q. You testified that you listened to a recording of this
9 call; is that right?

10 A. That is correct, sir.

11 Q. Did that recording accurately capture the conversation you
12 had with Kaya?

13 A. Yes, sir.

14 MR. KAMARAJU: Your Honor, the government would offer
15 Government Exhibit 202-T and would ask to be able to publish it
16 starting at page two to the jury.

17 MS. FLEMING: First of all, I think that this is
18 subject to further authentication. But also, Judge, I think
19 you gave me a continuing objection on relevance and hearsay
20 grounds.

21 THE COURT: It doesn't go from one day to the next.
22 You have to start over.

23 MS. FLEMING: I'm starting over. Objection on hearsay
24 and relevance grounds.

25 THE COURT: Overruled.

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Zarrab - Direct

(Government's Exhibit 202-T received in evidence)

MR. KAMARAJU: If we can put that up from page two.

Q. Mr. Zarrab, do you see near the top of the page where you say "Will Mr. Minister be in Turkey at the end of this week on Thursday or Friday?"

A. Yes, sir.

Q. Who are you referring to as Mr. Minister?

A. Mr. Zafer Caglayan.

Q. Why were you asking whether he was going to be in Turkey at that time?

A. Because the Mr. Minister had a trip abroad, and I wanted to confirm whether he'd be in Turkey or not.

Q. What was the purpose of confirming whether he would be in Turkey?

A. We were going to organize a meeting between the Iranian delegates and the minister.

Q. Why were you trying to organize that meeting?

A. During that timeframe, any meetings with the Iranians, including NIOC, the oil minister, Sarmayeh Bank, I was organizing about 90 percent of these meetings of these individuals or these people with Mr. Minister, Zafer Caglayan.

Q. Do you recall if you were able to arrange a meeting at this time with Zafer Caglayan?

A. I don't remember specifically for this date, but we got together many times. I mean, a meeting between Mr. Zafer

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Zarrab - Direct

1 Caglayan and Iranians occurred many times, that I also
2 attended.

3 Q. I'd like to show you what's been marked for identification
4 as Government Exhibit 204-T. Turn to page two, please. Just
5 take a moment to review that, sir.

6 A. Of course.

7 Q. Do you recognize that document?

8 A. I recognize it.

9 Q. What is it?

10 A. It is a transcript of a phone conversation.

11 Q. Have you listened to that phone conversation?

12 A. I listened to it.

13 Q. Do you remember that call?

14 A. I remember it.

15 Q. Who participated in the call?

16 A. Murat Sengun and myself.

17 Q. Who is Murat Sengun?

18 A. During that time, he was the chief of traffic department in
19 Istanbul police department.

20 Q. Approximately when did this call occur?

21 A. In the beginning of October, during the same time frame,
22 these are within very close time frame to each other.

23 Q. And the recording you listened to, did it accurately
24 capture the conversation you had?

25 A. Yes, sir.

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Zarrab - Direct

1 Q. What was the purpose of your discussion with Sengun?

2 A. We had a meeting with Iranian delegates at Halkbank, we
3 were to leave Swissôtel and go to Halkbank for the meeting.
4 Since the meeting at Swissôtel was delayed, we were late for
5 Halkbank. So I asked for permission from the chief of traffic
6 department in Istanbul police department for me to be able to
7 use the emergency lane in getting there.

8 MR. KAMARAJU: The government would offer Government
9 Exhibit 204-T subject to connection and ask to publish it for
10 the jury beginning at page two.

11 MS. FLEMING: No objection with that subject to
12 connection.

13 THE COURT: Okay, I'll allow it.

14 (Government's Exhibit 204-T received in evidence)

15 Q. Mr. Zarrab, do you see near the top where you refer to "I'm
16 taking this oil minister of Iran and the entire Iranian oil
17 delegation to Halkbank to the general director there"?

18 A. I see it, sir.

19 Q. What did you mean there?

20 A. As I mentioned earlier, the NICO and NIOC officials that
21 had come from Iran, however, the Iranian oil minister did not
22 attend this meeting. I did not see the Iranian oil minister
23 during this time frame.

24 MR. KAMARAJU: We can take that down.

25 Q. Was there a meeting at Halkbank that day?

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Zarrab - Direct

1 A. Certainly.

2 Q. Did you attend that meeting?

3 A. Yes.

4 Q. Who was at that meeting?

5 A. There were those from the Iranian side, such as those from
6 NIOC and from NICO, I was there, and officials from Halkbank
7 were there.

8 Q. Let's start with the Iranians. Who was there from what you
9 called the Iranian side?

10 A. Mr. Nikousokhan was there, Mr. Alipoor was there,
11 Mr. Rajaeieh was there, these are the individuals that I
12 remember.

13 Q. Who was there from Halkbank?

14 A. The general manager of Halkbank Suleyman Aslan was there,
15 and also Mr. Hakan Atilla, who was the head of the
16 international department was there.

17 Q. Was that the defendant?

18 A. Yes, sir.

19 Q. Where was this meeting?

20 A. It was at the headquarters building of the Halkbank.

21 Q. What was the purpose of the meeting?

22 A. This meeting had two purposes. The first one was
23 transferring the money that had accumulated in India from the
24 proceeds of NIOC crude oil sales to India. And secondly, the
25 Iranians put pressure and made a request from Halkbank to be

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Zarrab - Direct

1 able to make their international payments.

2 MR. KAMARAJU: With the Court's permission, I'd ask
3 that Mr. Zarrab be able to use the demonstrative Government
4 Exhibit 9502.

5 THE COURT: Okay, sure.

6 Q. Mr. Zarrab, could you explain to the jury what you were
7 just testifying about.

8 A. The first part was to bring the NIOC money that's in India
9 into the NIOC account at Halkbank.

10 And the second part, the request that came from Iran
11 in this meeting, was NIOC was requesting that Halkbank
12 intermediate or broker the international payment requests on
13 their behalf directly. In other words, the NIOC officials, the
14 Iranians wanted to access this part, by skipping over these
15 steps, they wanted to reach this step directly themselves.

16 In other words, they were going to give instructions
17 to Halkbank, in other words, this blue arrow there, showing the
18 instructions would have come directly to Halkbank, and then
19 from there, they were requesting that the international payment
20 orders that they had be handled directly from there.

21 Q. Let's start with the first part. Bringing the money into
22 Halkbank. Was that discussed at the meeting?

23 A. Yes, it was discussed.

24 Q. What were the results of that discussion?

25 MS. FLEMING: Can we get who said what as opposed to

HBU3ATI1

Zarrab - Direct

1 what was discussed.

2 THE COURT: You'll get a chance on cross, too.

3 MR. KAMARAJU: I intend to ask specifically, your
4 Honor.

5 Q. What was discussed at that meeting?

6 A. In that first part, a method, a system was discussed in
7 terms of how we would bring the money from India into Turkey.
8 And that was a very complicated system. If you wanted, I would
9 be happy to draw that one too.

10 Q. I think we'll skip the drawing on that one.

11 A. But shortly, that method was discussed. So, an account
12 would be created within Halkbank for that Indian company. And
13 the buyer of crude oil in India would be depositing the money,
14 the payment directly to its account at Halkbank, to the account
15 that would be opened. And then the funds would be -- would go
16 from there to another Turkish bank, to Arap Turk Bank. And
17 then I was supposed to get it out of there, in exchange for
18 gold.

19 Q. And then what would you do with the gold?

20 A. I would convert it into cash, and would be making these
21 international payments.

22 Q. Did Halkbank agree to that request?

23 MS. FLEMING: Objection.

24 THE COURT: Overruled.

25 A. They accepted on condition. They gave one condition with

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Zarrab - Direct

1 their acceptance.

2 Q. First of all, who communicated Halkbank's acceptance?

3 A. Mr. Suleyman Aslan.

4 Q. What was the one condition you referred to?

5 A. That the whole agreement would be thrown away if the fact
6 that this account would be opened for the Indians at Halkbank
7 would leak out to the media.

8 Q. Now, you mentioned there was a second topic discussed at
9 that meeting. What was that?

10 A. Yes. Within the second part they were requesting that
11 Halkbank ease on the application of regulations, and allow them
12 to deal with their international payments directly.

13 Q. Who made that request from the Iranian side?

14 A. Mr. Nikousokhan, Mr. Alipoor.

15 Q. Did anyone from Halkbank respond?

16 A. Yes.

17 Q. What happened next?

18 A. Mr. Suleyman Aslan said that this was not possible, that
19 they would not be intermediary for making the international
20 payments of Iran. But that they could continue to do their
21 transactions through the existing system.

22 Q. What, if anything, was he doing while he said that?

23 A. Certainly. He was pointing at me as the existing system.

24 Q. What happened next?

25 A. Iranians requested again.

HBU3ATI1

Zarrab - Direct

1 Q. Then what happened?

2 A. Mr. Hakan Atilla also said this is not possible, that it
3 wouldn't -- it would be impossible.

4 Q. What, if anything, was he doing when he said that?

5 A. He stated that this would not be possible, and he referred
6 to his Mr. general manager what he had said about this, that
7 this could continue on within the existing system.

8 Q. Mr. Zarrab, you can return to the witness stand.

9 What did you understand Suleyman Aslan to be saying
10 when he said they could continue to use the existing system?

11 A. I understand that he's referring to what I drew on the
12 diagram, and the system that involves the gold trade -- gold
13 trade system there.

14 Q. What did you understand the defendant to be saying when he
15 referred to the existing system?

16 A. Mr. Hakan Atilla was referring to his Mr. general manager,
17 and he was saying that you can use the existing system.

18 Q. I'd like to show you what's been marked for identification
19 as Government Exhibit 6043. Do you recognize this document?

20 A. Yes.

21 Q. What is it?

22 A. It is an electronic mail.

23 Q. Are there two e-mails reflected here?

24 A. I did not understand the question.

25 Q. Sure. It was poorly worded.

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Zarrab - Direct

1 Looking at the bottom of the page, what do you see
2 there?

3 A. I see an e-mail that was sent from Royal Denizcilik.

4 Q. Do you recognize that e-mail address?

5 A. Yes, it is an e-mail address that's from, that's used
6 within one of my companies.

7 Q. Where is the e-mail sent to?

8 A. To Parham Moslehi.

9 Q. Do you know who that is?

10 A. During that time, this was an individual for Sarmayeh Bank,
11 Sarmayeh Exchange, that the person was based in Turkey at that
12 time, was an employee, was an official of this organization.

13 (Continued on next page)

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Zarrab - Direct

1 Q. Okay. Now, looking at -- what's the date of that e-mail?

2 A. October 12th, 2012.

3 Q. Now, looking at the top of the page, what do you see there?

4 A. I see that an e-mail had been sent from Mr. Moslehi Parham.

5 Q. And who was it sent to?

6 A. To Imam Mehdizadeh.

7 Q. Who is that?

8 A. This was the right-arm person, the second person in charge
9 after Rajaeieh at Sarmayeh Exchange during that period.

10 Q. Could you turn to the second page of the exhibit, please.

11 Do you recognize what's on the second page of this exhibit?

12 THE INTERPRETER: We lost it.

13 Q. It's back. Do you recognize what's on the second page of
14 this exhibit?

15 A. Yes, sir.

16 Q. What's there?

17 A. There are business cards.

18 Q. Do you recognize any of those business cards?

19 A. There are some that I recognize.

20 Q. Do you recognize any business cards for people who were at
21 your meeting at Halkbank?

22 A. Yes, there are.

23 MR. KAMARAJU: Your Honor, the government would offer
24 Government Exhibit 6043.

25 MS. FLEMING: Objection, relevance and 403.

HBUPAT12

Zarrab - Direct

1 THE COURT: I'll allow it.

2 (Government's Exhibit 6043 received in evidence)

3 THE COURT: On my screen it looked like there were two
4 copies of the same set of cards, sort of like in 3D; is that
5 right?

6 MR. KAMARAJU: I think there was a zoom in is what
7 happened.

8 THE COURT: So there's just one set?

9 MR. KAMARAJU: One set.

10 THE COURT: Do you want to go through those cards so
11 everybody understands?

12 MR. KAMARAJU: Yes, that was my request, to put them
13 up for the jury now. Can we publish.

14 BY MR. KAMARAJU:

15 Q. Now, you testified that you recognize some of these cards;
16 is that right?

17 A. Yes, sir.

18 Q. Whose cards do you recognize?

19 A. Kadri Kaleli.

20 Q. Who was that?

21 A. The person that I had mentioned earlier as the person that
22 had attended the meeting at Swiss Hotel representing a Turkish
23 petroleum company. This was Kadri, Mr. Kadri Kaleli that was
24 from the Turkish Petroleum International Limited.

25 Q. Do you recognize anybody else's card on here?

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Zarrab - Direct

1 A. Mr. Suleyman Aslan, the general manager at Halkbank.

2 Mr. Hakan Atilla.

3 Q. Anyone else?

4 A. No, I don't recall the rest.

5 Q. I'd like to show you what's been marked for identification
6 as Government's Exhibit 205-T. Take a second and look through
7 that, sir. Do you recognize it?

8 A. Yes.

9 Q. What is it?

10 A. The transcript of a phone conversation.

11 Q. Do you remember this call?

12 A. I remember.

13 Q. Have you listened to a recording of this call?

14 A. Yes, I listened.

15 Q. Did that recording accurately capture your conversation?

16 A. Yes, it was reflecting.

17 Q. And who participated in that call?

18 A. It was Mr. Ozgur Erker and myself.

19 Q. Who is Ozgur Erker?

20 A. Ozgur Erker was one of the officials with authority that
21 worked at Arap Turk Bank during that period.

22 Q. And what is Arap Turk Bank?

23 A. It's a bank in Turkey.

24 Q. Approximately when did this call occur?

25 A. Within the same month of October.

HBUPATI2

Zarrab - Direct

1 Q. Do you recall when it occurred in relation to the meeting
2 at Halkbank?

3 A. Certainly.

4 Q. And when did it occur in relation to that meeting?

5 A. After the meeting that was held at Halkbank.

6 Q. And could you summarize the purpose of this call?

7 A. What I had explained on the diagram earlier about bringing
8 money over from India, Indian money over, and we were to
9 transfer that money from Halkbank to Arap Turk Bank.

10 MR. KAMARAJU: Your Honor, the government would offer
11 Government Exhibit 205-T, and ask for permission to publish it
12 to the jury.

13 MS. FLEMING: As long as it's subject to the
14 authentication, no objection otherwise.

15 MR. KAMARAJU: Yes, your Honor, subject.

16 THE COURT: I'll allow it.

17 (Government's Exhibit 205-T received in evidence)

18 BY MR. KAMARAJU:

19 Q. Now, Mr. Zarrab, do you see near the top of the page where
20 you say "I'm talking to Halk, okay"?

21 A. Yes, sir.

22 Q. What did you mean there?

23 A. I'm stating that I discussed this matter with Halkbank, and
24 I'm receiving the final comments from Mr. Ozgur.

25 Q. And a couple of blocks down there, do you see where you

HBUPATI2

Zarrab - Direct

1 say: "Umm, it's almost finished, it will go there, then to
2 you, and then from you to me"?

3 A. Yes, I remember.

4 Q. What did you mean there?

5 A. With the first step, the Indian money, it would be sent
6 from India to Halkbank, and from their own accounts that was in
7 Halkbank, it would then go to their own accounts at Arap Turk
8 Bank, and from their account at Arap Turk Bank, it was going to
9 go to my account, and then it would be converted into gold and
10 would be used in that trade.

11 Q. Why was the money supposed to go from Halkbank to Arap Turk
12 Bank?

13 A. In order to put another bank in the process to conceal the
14 origin of the money.

15 Q. And was that discussed at the meeting at Halkbank in
16 October of 2012?

17 A. Yes, this was discussed as a method.

18 Q. Okay. And do you see about halfway down the page where
19 Erker said: "Which country are they from"?

20 A. Yes, I see it.

21 Q. What did you understand him to be asking?

22 A. He's asking which countries the money will be coming from.

23 Q. And how do you respond?

24 A. Italy, India.

25 Q. And then do you see two blocks down, where you say: "It's

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Zarrab - Direct

1 complicated"?

2 A. Yes, I see it.

3 Q. What did you mean by that?

4 A. Because we were planning to bring their money over from
5 other countries, as well, using the same method.

6 Q. Do you see a little bit further down, just two blocks,
7 where you say: "Okay. You will receive TL from Turkey," and
8 the transcript says: "He/she says he/she is sending TL to
9 Turkey as well and that this doesn't concern him/her. Do you
10 understand?" Do you see that?

11 A. Yes, I see that.

12 Q. Okay. So what did you mean there?

13 A. After the money would arrive from India into their account
14 at Halkbank, Halkbank was to convert that into Turkish Liras.
15 Since it was going to send it in Turkish Liras over to Arap
16 Turk Bank, since it was not going to go through international
17 correspondent, and since it was in Turkish Liras, which meant
18 it would go as EFT, Halkbank was saying it doesn't concern us.
19 We can send this to whomever you would like because they were
20 not concerned about the international banking regulations.

21 Q. Why was it significant to you that this was going to be
22 sent in Turkish Lira?

23 A. In order for them to not be using the international banking
24 members.

25 I'd like to give two brief examples about this. If it

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Zarrab - Direct

1 were in dollars, it would have had to go through the United
2 States on its way to Arap Turk Bank. If it were in Euros, it
3 would have had to go through Europe to come in. For that
4 reason, being in Turkish Liras, this would stay within Turkey.

5 Q. And why was it important that it stayed within Turkey?

6 A. So that it would not get hung up with international
7 filters; so that it will not draw attention.

8 Q. So do you see next where Erker says: "So is Halk saying
9 okay"?

10 A. Yes, sir.

11 Q. What did you understand him to be asking?

12 A. He's asking has Halkbank agreed to use this method, to use
13 this system.

14 Q. And how do you respond?

15 A. I say, yes, Halkbank said okay.

16 Q. Do you see next, do you see where he asks you: "Okay. Do
17 you mean that includes sending it to me"?

18 A. Yes.

19 Q. What did you understand him to be asking?

20 A. In other words, so does Halkbank agree to send the money to
21 Arap Turk Bank after the money comes into Halkbank?

22 Q. And how did you respond?

23 A. I did not give specific facts, but I said Arap Turk and
24 Garanti.

25 Q. Now, do you see a little further down where you say: "I

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Zarrab - Direct

1 just need to wrap things up with Suleyman"?

2 A. Yes.

3 Q. What were you referring to there?

4 A. After I would receive this approval from Arap Turk Bank, I
5 was to go back to Mr. Suleyman and ask for or receive his final
6 approval, and tell him that Arap Turk had agreed to this and
7 receive his final approval that it would be okay to send over
8 to Arap Turk and close up that leg of this system.

9 Q. Okay. And do you see a little way down where Erker says:

10 "There -- I mean, you need to talk to him"?

11 A. Yes, sir.

12 Q. What did you understand him to be saying there?

13 A. He is saying after it comes to Halkbank, as it goes to Arap
14 Turk Bank, you need to talk to them. You need to make that
15 clear with them.

16 Q. Okay. And then do you see where you respond, and it
17 carries over to the next page. "Brother, we talked things out
18 with Hakan and others"?

19 A. Yes, sir.

20 Q. What did you mean there?

21 A. I'm stating that we had talked to Atilla, Mr. Hakan Atilla,
22 and there was no problem.

23 Q. And can we just scroll down a little bit further to where
24 Erker says: "I mean, where? What will you tell me? Will you
25 tell me to send it here or send it there? I mean, what are you

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Zarrab - Direct

1 going to tell me?" Do you see that?

2 A. Yes, sir.

3 Q. What did you understand him to be asking you?

4 A. He is asking, so will you be asking me to make these
5 international payment requests that come from the Iranians,
6 he's asking me whether he would receive these and be asked to
7 do them.

8 Q. And how do you respond?

9 A. I say no.

10 Q. Now, when you said we talked it out with -- we talked with
11 Hakan and others, what were you referring to?

12 A. I'm telling Mr. Ozgur Erker that I had talked to Atilla and
13 we had reached on agreement on this, to do this with Halkbank.

14 Q. Now, did you speak with Suleyman Aslan after this call?

15 A. I was in contact with Mr. Suleyman Aslan very often; so I
16 would have possibly talked to him.

17 MR. KAMARAJU: We can take that down.

18 Q. Did you speak with Suleyman Aslan about the business that
19 was supposed to go through Arap Turk?

20 A. Yes, I met, sir.

21 Q. And what did you discuss with Aslan?

22 A. There was a meeting that was held with Mr. Suleyman during
23 that time. During that meeting, this topic was discussed.

24 Q. Okay.

25 A. And he provided the final approval on it.

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Zarrab - Direct

1 Q. Approximately when did that meeting occur?

2 A. I mean, it was the beginning of October. It was right
3 after we had talked with the Iranians.

4 Q. And where did you meet with Aslan at that time?

5 A. It was at Halkbank.

6 Q. How many offices did Halkbank have at that time in
7 Istanbul?

8 A. So I don't know the count. There would be many branches
9 for Halkbank, but for this meeting I remember Mr. Suleyman
10 asked me to come over to his old office at the old headquarters
11 building.

12 Q. What did Suleyman Aslan say to you during that meeting?

13 A. Mr. Suleyman Aslan said that he had some personal concerns
14 and issues, that he was taking a large amount of risk, and that
15 he was feeling uncomfortable about this, and he expressed all
16 his concerns, and expressed that he wanted to ensure his future
17 in some way, and he also stated his expectations.

18 Q. Let's start with the first thing he said. What did you
19 understand him to mean by risk?

20 A. That Caglayan had given him the instructions, but he,
21 himself, was taking on all the risks.

22 Q. What was that risk?

23 A. That he would stick out in front of the Americans and that
24 he would draw attention, that he was constantly receiving
25 warnings.

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Zarrab - Direct

1 Q. Warnings from who?

2 A. From America.

3 Q. Warnings about what?

4 A. About the concerns that the United States had about the
5 Iranian transactions that they were conducting.

6 Q. And what did you understand Aslan to mean when he talked
7 about being concerned for his future?

8 A. He was asking for money.

9 Q. Did you agree to pay him money?

10 A. I took it as that. I was looking at it warmly, and that I
11 would look into it and I'd get back to him about it.

12 Q. Why did you need to get back to him about it?

13 A. Because I needed to get approval from Mr. Zafer Caglayan.

14 Q. I'd like to show you what's been marked as Government
15 Exhibit 206-T. Would you just take a moment to look at that,
16 please.

17 A. Yes, sir.

18 Q. Do you recognize this exhibit?

19 A. I recognize it, sir.

20 Q. What is it?

21 A. It's a transcript of a phone conversation.

22 Q. Did you participate in this conversation?

23 A. Yes, sir.

24 Q. Do you remember that conversation?

25 A. I remember, sir.

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Zarrab - Direct

1 Q. Have you listened to a recording of that conversation?

2 A. I listened to it, sir.

3 Q. And does the recording accurately capture your
4 conversation?

5 A. It reflected, sir.

6 Q. Approximately when did this call take place?

7 A. It was after I had left Mr. Suleyman Aslan's office.

8 Q. And who were you speaking with during this call?

9 A. This is Abdullah Happani and myself.

10 Q. We've heard Mr. Happani's name before, but could you remind
11 us who he is?

12 A. Abdullah Happani is the second person with authority within
13 my companies, after myself, during that time frame.

14 Q. Could you describe the general purpose of this call?

15 A. I'm conveying a summary of my meeting with Mr. Suleyman
16 after I had left that meeting.

17 MR. KAMARAJU: Your Honor, the government offers
18 Government Exhibit 206-T, subject to connection, and would ask
19 to be able to publish it starting at page 2.

20 THE COURT: I'll allow it.

21 (Government's Exhibit 206-T received in evidence)

22 BY MR. KAMARAJU:

23 Q. So, Mr. Zarrab, looking at the top, do you see where you
24 say: "Fine. I was with Mr. Suleyman. I just left"?

25 A. Yes, sir, I see it.

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Zarrab - Direct

1 Q. What did you mean there?

2 A. I'm saying that I had just left the meeting with
3 Mr. Suleyman Aslan.

4 Q. And which meeting were you referring to?

5 A. I'm talking about the meeting that I just explained earlier
6 about, the meeting where Mr. Suleyman had mentioned his worries
7 and concerns and expectations.

8 Q. And do you see where Hapmani says: "What is he saying"?

9 A. Yes.

10 Q. What did you understand him to mean there?

11 A. He's asking why Mr. Suleyman had called me in.

12 Q. And what do you say in response?

13 A. I'm saying: This place is taken care of, just like Abi."

14 Q. What did you mean by that?

15 A. I'm saying that just like Zafer Caglayan, this one is
16 asking for money too.

17 Q. And you see then he asked "How"?

18 A. I see it, sir.

19 Q. And what do you say in response?

20 A. I say the same type same arrangement as Abi.

21 Q. Who is Abi?

22 A. Zafer Caglayan.

23 Q. And do you see a little further down -- actually, just
24 because we talked about it yesterday, remind us, who is
25 Caglayan?

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Zarrab - Direct

1 A. Caglayan is the former minister of economy that was
2 minister during that time frame.

3 Q. Now, do you see a couple of blocks down where you say:
4 "It's even the same arrangement as Abi. You know, it's the
5 same system"?

6 A. Yes, sir.

7 Q. What did you mean there?

8 A. It's the share of the profit margin.

9 Q. Now, do you see Happani's response where he says: "Well,
10 then, will he take care of the jobs that the guys have"?

11 A. Yes, I see it.

12 Q. What did you understand him to be asking you?

13 A. He is asking, so will he assist with the transfer of money,
14 of Iranian money to India and those places, will he help with
15 that.

16 Q. And how do you respond?

17 A. I say, yes, he will help. Anything that involves me, that
18 involves us, he will help.

19 Q. Now, what do you mean by anything that involves you, he
20 will help?

21 A. I'm referring to requests that would go from me. I'm
22 talking about the trade deals that would involve me.

23 Q. Okay. And do you see where Happani asks you next: "So,
24 should a separate one be used for him"?

25 A. I see it, sir.

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Zarrab - Direct

1 Q. What do you understand him to be asking you?

2 A. So since Zafer Caglayan was a part of the proceeds that
3 were obtained in the trade that we were part of, from the
4 companies, from the money that we were bringing in, he is
5 asking, so should we establish a new company, a different
6 company that allows Zafer Caglayan to do this.

7 Q. Why would you need to establish different companies?

8 A. Just so that so that our partnership with Zafer Caglayan
9 would not get mixed up.

10 Q. To be clear, mixed up with who?

11 A. I mean, the funds that were being paid to Caglayan out of
12 our current accounts. He's talking about the bribes that will
13 be paid out from Suleyman Aslan from then on with the new
14 account.

15 Q. Do you see where Happani says: "No, I understand, but if
16 we use the existing one, won't the brother know"?

17 A. Yes, I see it.

18 Q. Okay. What do you understand him to be asking you there?

19 A. Caglayan says he was checking our bank statements from time
20 to time to see what was coming in. He is saying, will he not
21 notice that we're doing trade with Suleyman Aslan, as well, or
22 through Suleyman Aslan, as well.

23 Q. And what do you say in response?

24 A. I say Zafer Caglayan will know.

25 Q. And how will he know?

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Zarrab - Direct

1 A. Because before Suleyman Aslan called me in, I had talked to
2 Zafer Caglayan, and after my meeting with him, I also talked
3 with Zafer Caglayan and got his approval; so I was not going to
4 do anything without his knowledge. And at the end of the day,
5 we did not do anything -- sorry, we did not hide anything from
6 Zafer Caglayan. We did everything within his knowledge. We
7 used the existing accounts, and to Mr. Zafer, we gave the share
8 that was accumulating from that.

9 Q. Now, do you see a little further down where Happani says:
10 "Good, then. May it be well. They should open that channel so
11 that he can take care of the jobs that the guys have"?

12 A. I see it, sir.

13 Q. What did you understand him to be saying there?

14 A. He is saying so long as he takes care of the business about
15 bringing money from abroad for the Iranians.

16 Q. Now, at the bottom of that page, as it carries over, do you
17 see where you say: "I also received the okay for Ziraat Bank
18 and Vakif. They will get going as well. The Iran business
19 will get moving"?

20 A. Yes, I see it.

21 Q. What did you mean there?

22 A. During that time period, Ziraat Bank and Vakif Bank also
23 wanted to participate in Iranian business. I had talked to
24 Mr. Zafer Caglayan. If Ziraat Bank and Vakif Bank were to
25 begin also, he was going to direct me towards those banks, and

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Zarrab - Direct

1 the accounts would be opened, and I would be working with those
2 banks in the same way.

3 Q. And what's Ziraat Bank?

4 A. It's a bank in Turkey.

5 Q. And what's Vakif?

6 A. Vakif Bank is also a bank in Turkey.

7 Q. Okay. And do you see two boxes down, where you say: "The
8 prime minister gave orders to Ziraat and Vakif as well"?

9 A. Yes, I see it.

10 Q. What did you mean there?

11 A. Mr. Zafer had told me that Mr. Prime Minister had given
12 approval for this work with, for Ziraat and Vakif to do this
13 work, and I'm conveying that to Mr. Happani.

14 THE INTERPRETER: "The Iranian trade" should be added
15 in what was translated.

16 Q. At that time, who was the prime minister of Turkey?

17 A. Mr. Recep Erdogan.

18 Q. Now, do you see where Happani says: "We were expecting
19 Ziraat -- I mean, they were already talking about that"?

20 A. Yes, sir.

21 Q. What did you mean there?

22 A. We were constantly overhearing that Ziraat was going to
23 start with Iranian trade, too. I mean that one.

24 Q. And do you see near the bottom, where you say: "Well,
25 there are still more. There are three billion Euros"?

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Zarrab - Direct

1 A. Yes.

2 Q. What did you mean by that?

3 A. I am stating that Iranians still had three billion Euros
4 deposit or ready at Halkbank.

5 Q. And how did you learn that?

6 A. During my meeting with Mr. Suleyman, Mr. Suleyman looked up
7 the overall balance within the system and he turned to me and
8 gave me that balance.

9 Q. And to be clear, which meeting with Aslan are you referring
10 to?

11 A. I'm referring to the meeting that was held in person in the
12 old office.

13 Q. Okay. I'd like to show you what's been marked for
14 identification as Government Exhibit 207-T. Take a moment to
15 review that call. Do you recognize that exhibit?

16 A. I recognize it, sir.

17 Q. What is it?

18 A. It's a transcription of a phone conversation.

19 Q. Did you participate in that phone conversation?

20 A. Yes, sir.

21 Q. Do you remember the call?

22 A. I recall, sir.

23 Q. Have you listened to a recording of this call?

24 A. I listened to it, sir.

25 Q. Did the recording accurately capture your conversation?

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Zarrab - Direct

1 A. Yes, sir.

2 Q. Approximately when did this call occur?

3 A. These are all within a few days. They are very close
4 together with each other, and it's after I had met with
5 Suleyman Aslan.

6 Q. Could you summarize the general purpose of this call?

7 A. I had mentioned that I need to receive final approval from
8 Suleyman Aslan, from the previous phone conversation
9 transcription, and, here, I'm saying that I did speak to
10 Suleyman Aslan and I did receive the final approval.

11 Q. And I should have asked before, but who were you speaking
12 with during this call?

13 A. This is Ozgur Erker and myself.

14 MR. KAMARAJU: Your Honor, the government offers
15 Government Exhibit 207-T, subject to connection.

16 MS. FLEMING: Subject to connection and
17 authentication.

18 THE COURT: I'll allow it.

19 (Government's Exhibit 207-T received in evidence)

20 MR. KAMARAJU: Could we please publish that, beginning
21 on Page 2.

22 BY MR. KAMARAJU:

23 Q. Do you see about a third of the way down the page, where
24 you say: "I spoke with Halk -- with Suleyman"?

25 A. Yes, sir.

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Zarrab - Direct

1 Q. And then what did you mean by that?

2 A. I'm telling him that I had met with Suleyman Aslan.

3 Q. And then two blocks down, do you see where you say: "Okay.
4 We agreed about the job that we had discussed"?

5 A. Yes, sir.

6 Q. And what were you referring to there?

7 A. I'm saying that we reached an agreement about the meeting
8 with Halkbank, the first meeting with Halkbank earlier, where
9 we had discussed bringing money from India to Halkbank.

10 Q. Now, do you see where Erker asks you: "Did you mention
11 us"?

12 A. Yes, sir.

13 Q. What did you understand him to be asking?

14 A. He is asking whether I conveyed that the funds would then
15 be transferred to Arap Turk. He's asking whether an agreement
16 was reached on that matter as well.

17 Q. And how do you respond?

18 A. I say yes, I mentioned it.

19 Q. And do you see where you ask: "Should I not have
20 mentioned"?

21 A. Yes, I see it, sir.

22 Q. What did you mean there?

23 A. I'm saying, so should I not have told Suleyman Aslan that
24 we're going to transfer to Arap Turk.

25 Q. And what does he say in response?

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Zarrab - Direct

1 A. He says: "No, I was just asking."

2 Q. And then do you see where you say: "No. I did mention.

3 He just said 'There are two Indian companies. They should take
4 those two and send them over to us.' He said, 'Hand washes
5 hand, then the hand washes the face'?"

6 A. Yes, I see that, sir.

7 Q. What were you saying there?

8 A. Mr. Suleyman is saying that we could use the same system at
9 Halkbank at Arap Turk Bank. He's saying there could be two
10 accounts opened at Arap Turk Bank for Indian companies, and
11 then the monies that would be received at Arap Turk Bank would
12 be sent over to Halkbank. In other words, this is the template
13 of the system in reverse, just copied and pasted.

14 Q. And what do you understand the phrase "hand washes hand,
15 then the hand washes the face" to mean?

16 A. What Suleyman was saying is by sending the money from here
17 to Arap Turk, we're assisting them and, in return, they should
18 just help us too.

19 Q. Okay. Do you see where you say, two blocks down there:
20 "There are also two Indian companies, Baharat, B-a-h-a-r-a-t,
21 and H -- H-M-E-L, okay"?

22 A. I see it, sir.

23 Q. What were you saying there?

24 A. Mr. Suleyman had asked for these two -- for accounts to be
25 opened for these two companies. He was saying that money

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Zarrab - Direct

1 should come through these two.

2 Q. Okay. And do you see where you say: "He said for those
3 two, they should help us"?

4 A. Yes, sir.

5 Q. What does that mean?

6 A. Mr. Suleyman is saying that Arap Turk Bank should bring the
7 funds over for these two companies, and then they should assist
8 us in transferring that money over from there to Halkbank and
9 he was requesting that I mention this to Arap Turk Bank.

10 Q. And then do you see where he asks you: "So I will receive
11 Euros and then send the funds over to them"?

12 A. Yes, sir.

13 Q. What do you understand him to be asking?

14 A. So he's saying, so we'll need the money come to India --
15 will any money come from Arap Turk in Euros.

16 Q. Did you respond?

17 A. I'm explaining that, yes, it would come there in Euros, and
18 then it would be converted into Turkish Liras and would be
19 transferred to Halkbank as Turkish Liras.

20 Q. Okay. We can turn to the next page, please. Do you see
21 near the top where Erker asks you: "Are your guests gone"?

22 A. Yes, sir.

23 Q. I guess he asks it twice. What do you say in response?

24 A. In summary, I'm saying that some have left and some are
25 still here, and on Monday Mr. Bahmani would be there also.

HBUPATI2

Zarrab - Direct

1 Q. Who were the guests?

2 A. The delegates from the Iranian petroleum companies.

3 Q. And who did you mean when you say Bahmani?

4 A. It's the president of the Central Bank of Iran.

5 Q. And do you see a little further down, where you say: "As
6 of next week, Ziraat and Vakif will also be engaged"?

7 A. Yes, I see it.

8 Q. What did you mean there?

9 A. Just as I have explained to Abdullah Hapmani in the
10 previous transcripts, Ziraat and Vakif will start to do trading
11 on the following week.

12 Q. Do you see where he then asks you with whom did you speak
13 in Ziraat and Vakif?

14 A. Yes, I see it, sir.

15 Q. Okay. And a couple of blocks down you then say: I spoke
16 with Ankara?

17 A. Yes, I see it, sir.

18 Q. What did you mean, "I spoke with Ankara"?

19 A. I'm referring to Mr. Zafer Caglayan.

20 Q. And then you see where you say: "Mr. Prime Minister and
21 Ali Babacan gave approval. It's finished already"?

22 A. Yes, I see that, sir.

23 Q. What were you saying there?

24 A. So what I'm saying is that's -- the prime minister of that
25 time period, Recep Tayyip Erdogan, and minister of the

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Zarrab - Direct

1 treasury, Mr. Ali Babacan, had given instructions, had given
2 order for them to start doing this trade. And with "for them,"
3 I mean the banks.

4 Q. How did you learn about that order?

5 A. From Mr. Zafer Caglayan.

6 Q. Can we turn to the next page of the exhibit?

7 THE COURT: Before you do, what was the name of the
8 minister of the treasury?

9 THE WITNESS: Ali Babacan, your Honor.

10 MR. KAMARAJU: Thank you, your Honor. I should have
11 asked that question.

12 Q. Could you turn to the next page of the exhibit, page 4,
13 please. And do you see at the top they won't be able to --
14 where you say: "They won't be able to pull it through"?

15 A. Yes, sir.

16 Q. What did you mean there?

17 A. What I'm saying is that, first, the officers within the
18 bank, they don't know the system, they're not familiar with the
19 system; so they won't be able to pull it off. And I'm also
20 saying that the banks themselves have connections with
21 New York, with the United States, and I'm basically adding my
22 own opinion there about Ziraat and Vakif Bank and their
23 connections.

24 Q. Okay. What does Erker respond to what you say?

25 A. He says: "They are hesitating because they have their

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Zarrab - Direct

1 things in New York, you know, their affiliates."

2 Q. And what did you understand him to mean by that?

3 A. I suppose Ziraat has a branch in New York, and in terms of
4 the effect of the sanctions on them, this might be higher
5 because they have that branch in New York.

6 MR. KAMARAJU: Your Honor, I don't know when you were
7 planning to take the morning break.

8 THE COURT: I do. This is a good time to take a
9 five-minute break.

10 (Jury not present)

11 (Continued on next page)

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Zarrab - Direct

1 (At the side bar)

2 MR. KAMARAJU: I just wanted to note I noticed during
3 some of the testimony, there was some laughter in the back of
4 the courtroom.

5 MS. FLEMING: It's the journalists understanding
6 Turkish.

7 THE COURT: I assume it's people understanding
8 Turkish.

9 MR. KAMARAJU: I just wanted to note that some of the
10 jurors had responded or at least noticed it. I don't think
11 there's anything to be done about it right now.

12 MS. FLEMING: I think the rest of us laugh when it
13 gets translated into English. I think they get it in Turkish
14 first.

15 MR. KAMARAJU: I just wanted to note that, in case
16 it's a problem.

17 THE COURT: There are a lot of Turkish people. I
18 don't know if they're journalists.

19 (Recess)

20 (Continued on next page)

21

22

23

24

25

HBU3ATI3

Zarrab - Direct

1 (In open court; jury present)

2 THE COURT: We'll pick up with the direct examination.

3 THE DEPUTY CLERK: Sir, just to remind you, you're
4 still under oath.

5 THE WITNESS: Yes.

6 MR. KAMARAJU: May I proceed, your Honor?

7 THE COURT: Yes.

8 BY MR. KAMARAJU:

9 Q. Mr. Zarrab, I'd like to show you what's been marked for
10 identification as Government Exhibit 208-T. Just take a moment
11 to look at that.

12 Do you recognize it?

13 A. Yes, sir.

14 Q. What is it?

15 A. It is a transcript of a phone conversation.

16 Q. Do you remember this call?

17 A. I recall, sir.

18 Q. Did you participate in this call?

19 A. Yes, sir.

20 Q. Have you listened to a recording of this call?

21 A. Yes, sir.

22 Q. Did the recording accurately capture your conversation?

23 A. Yes, it reflected, sir.

24 Q. Who participated in the call?

25 A. Suleyman Aslan and myself.

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Zarrab - Direct

1 Q. Approximately when did this call take place?

2 A. At a later date than my meeting with Suleyman Aslan.

3 Q. About how long after that meeting was it?

4 A. A few days.

5 Q. What was the general purpose of this call?

6 A. Mr. Suleyman Aslan had meetings with -- between Halkbank
7 and Iranian delegates as well as other Iranian individuals, and
8 I was not present at that meeting, I did not attend that
9 meeting. And Mr. Aslan is talking about that meeting.

10 MR. KAMARAJU: The government offers Government
11 Exhibit 208-T subject to connection and ask to publish it
12 beginning at page two.

13 MS. FLEMING: Subject to authentication, your Honor.

14 THE COURT: I'll allow it.

15 (Government's Exhibit 208-T received in evidence)

16 Q. Mr. Zarrab, do you see at the top near the top where Aslan
17 says "We were with Mr. minister and others. I defended the
18 matter just like we talked about yesterday. He said 'We are
19 not doing those,' such as opening accounts for every company
20 and so on."

21 A. Yes, sir.

22 Q. What did you understand him to mean by that?

23 A. If we recall the meeting where -- the meeting with Halkbank
24 where I was in attendance, in that meeting, there was the
25 request made by the Iranians in order for them to be able to

HBU3ATI3

Zarrab - Direct

1 make the international payments directly through Halkbank.

2 Q. Do you see where he goes on to say "However, I indicated
3 that, um, you were ready in terms of bringing and sending money
4 through the existing system."

5 A. Yes, sir.

6 MR. KAMARAJU: Your Honor, I'd ask that Mr. Zarrab be
7 able to use Government Exhibit 9502 to help explain his
8 testimony.

9 THE COURT: Okay.

10 Q. What part of this scheme is Mr. Aslan discussing with you
11 at this point?

12 THE COURT: Excuse me, counsel, when you say "the
13 scheme," are you referring to what's been referred to as the
14 existing system? Does this chart depict the existing system?

15 MR. KAMARAJU: Yes, your Honor. I can ask the witness
16 to clarify that.

17 Q. Does Government Exhibit 9502 depict the system or the
18 existing system?

19 MS. FLEMING: Objection.

20 THE COURT: Overruled.

21 A. Yes.

22 Q. What part of the existing system do you understand Aslan to
23 be referring to here?

24 A. We need to look at the system this way. The system is like
25 one whole picture. The system has one purpose. It is to

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Zarrab - Direct

1 fulfill the Iranian request to its final destination. In other
2 words, taking the Iranian money and getting to its final
3 destination. And the system and all these methods that are
4 laying in between those, these are just tools and accessories
5 in order to reach this point.

6 And what Mr. Aslan is referring to in this phone
7 conversation, the requests of Iranians in order to reach this
8 point, he is explaining that they could do that through the
9 existing system. During that time frame, this refers to the
10 gold trade that was happening within the Halkbank, in Halkbank.

11 Q. When Aslan says you were ready in terms of bringing and
12 sending money through the existing system, what did you
13 understand him to mean?

14 A. Mr. Aslan is saying that your money is reaching its final
15 destination already, there is already a system in place for
16 that, there is already a person that is dealing with that,
17 indicating myself. And he's saying this already is working,
18 and you already have a system that does this.

19 Q. If you could return to the witness stand.

20 Do you see where Aslan says "We said you would be able
21 to make the payment for this thing through the methods we have
22 been using thus far."

23 THE INTERPRETER: I'm sorry, I didn't see it.

24 Q. I'll ask the question again.

25 A. Yes, sir, I see it.

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Zarrab - Direct

1 Q. What did you understand him to mean by that?

2 A. So what he's saying is the Iranians have an existing system
3 and they can take care of -- they can fulfill their payment
4 request through that existing system already. There was a
5 request for a gas payment also, and he's referring to that
6 payment as well and saying don't pressure us, you already have
7 a system in place, and you can use that system to make whatever
8 payment you wish to make.

9 Q. To your knowledge, was this the first time that Aslan had
10 been asked by Iranians to make direct payments?

11 A. No. During the meeting where I was present, this request
12 had already been mentioned as well.

13 Q. Remind us, was there anybody else at Halkbank in attendance
14 at that meeting?

15 A. At the meeting where I was present with -- during the
16 meeting with Halkbank and Iranian delegates, from Halkbank
17 Mr. Suleyman Aslan and Mr. Hakan Atilla were in attendance.

18 Q. So, if you could look down at the bottom of page two, you
19 say "Okay, so you deflected it, right?" Then it goes over to
20 the next page, "I mean you told them it wouldn't work."

21 A. Yes, sir.

22 Q. What did you mean by that?

23 A. So, I'm saying so you told the Iranians that they can't do
24 this directly themselves, right? And I'm saying you told them
25 that they cannot eliminate me, circumvent me in the system,

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Zarrab - Direct

1 right?

2 Q. How does he respond?

3 A. He says "Exactly, right, right, exactly."

4 Q. Do you see next where you ask "Do you think it would be
5 appropriate for me to sit down and talk with Dr. Bahmani?"

6 A. Yes, sir, I see it.

7 Q. What were you asking there?

8 A. I'm asking Mr. Suleyman Aslan's opinion. This is in
9 regards to the president of the Central Bank of Iran, I'm
10 asking whether me meeting with Bahmani would be beneficial.

11 Q. Beneficial to what?

12 A. To increase the trade volume and also while the Iranians
13 were in a tight spot in order to leverage this as a way to
14 amend my relationship with the Central Bank of Iran.

15 Q. Have you testified before about that relationship?

16 A. Yes, sir.

17 Q. Do you see where Aslan responds "Before him, though, um, in
18 my opinion, the person that should have priority is, um, just a
19 second. Let me say," and then after you say something he goes
20 on to say "Nikousokhan."

21 A. Yes, I see it, sir.

22 Q. What did you understand him to be saying there?

23 A. That Bahmani would not be beneficial and talking with
24 Nikousokhan would be more beneficial.

25 Q. Okay. What do you say in response?

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Zarrab - Direct

1 A. So, what I'm saying is, yes, I'm agreeing with Mr. Aslan,
2 I'm saying that I'm already in contact with Nikousokhan, and in
3 terms of the control of the oil money of Iran, since that
4 control is with Mr. Nikousokhan, I am endorsing what he said,
5 and saying that yes, that would be a better individual to talk
6 to. And I'm saying that I'm already in contact with that
7 person.

8 Q. Going back to page two quickly. I believe you testified
9 about a gas payment; is that right?

10 A. Yes, sir.

11 Q. Could you explain what you meant by that?

12 A. The Iranians were purchasing gas from Turkmenistan and
13 since they were making these purchases, they owed money to
14 Turkmenistan. And they want to make that payment, make the
15 payments related to that.

16 Q. Is that relationship reflected on Government Exhibit 9502?

17 A. Yes, sir.

18 Q. What's the company on Government Exhibit 9502 that would be
19 involved in gas payments?

20 A. It's Sarmayeh, sir.

21 Q. Do you see where you say "Yes, as for the gas, I wanted to
22 tell you Iran says Sarmayeh doesn't have sufficient liquidity
23 for gas."

24 A. Yes, sir.

25 Q. What did you mean there?

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Zarrab - Direct

1 A. The Iranian gas fund, the gas payments typically accumulate
2 within the Parsian Bank under Halkbank. And they're saying
3 that they don't have enough liquidity at Sarmayeh to be able to
4 make these payments. Or make this payment.

5 Q. What is Parsian Bank?

6 A. It is a large bank in Iran.

7 Q. So when you say Parsian Bank existed under Halkbank, what
8 do you mean?

9 A. Just like Sarmayeh, as I had drawn on the diagram, many
10 Iranian banks have accounts under Halkbank. And Parsian is
11 among those.

12 Q. Do you see where Aslan responds "If so, they will transfer.
13 They will transfer."

14 A. Yes, sir.

15 Q. What did you understand him to mean there?

16 A. So, meaning that they could move from the existing NIOC,
17 they could move it directly from the existing -- he's saying
18 that they could send from NIOC and they could send from Parsian
19 and they should just do it within. Through those.

20 Q. I'd like to show you what's been marked for identification
21 as Government Exhibit 209-T. Take a moment to review that
22 document, please, sir.

23 A. Yes, sir.

24 Q. Do you recognize it?

25 A. Yes, I recognize it, sir.

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Zarrab - Direct

1 Q. What is it?

2 A. It is a transcript of a phone conversation.

3 Q. Do you remember this call?

4 A. I recall, sir.

5 Q. Did you participate in this call?

6 A. Yes, sir.

7 Q. Have you listened to a recording of this call?

8 A. I listened to it, sir.

9 Q. Did the recording accurately capture your conversation?

10 A. Yes, sir.

11 Q. Approximately when did this call take place?

12 A. It is a short time after I had met with Mr. Suleyman Aslan
13 at his old office, within a few weeks of that meeting.

14 Q. Who else participated in this call?

15 A. Abdullah Happani, sir.

16 Q. Generally speaking, what was the purpose of this call?

17 A. I'm instructing him to send money to Mr. Suleyman Aslan, to
18 prepare that money to send it to Suleyman Aslan.

19 MR. KAMARAJU: The government offers Government
20 Exhibit 209-T subject to connection and ask to publish it
21 beginning at page two.

22 MS. FLEMING: Judge, as long as it's subject to
23 authentication as well.

24 THE COURT: I'll allow it.

25 (Government's Exhibit 209-T received in evidence)

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Zarrab - Direct

1 Q. Mr. Zarrab, do you see at the top where you say "We will
2 send two to Levent's boss on Monday, get it ready."

3 A. Yes, I see it, sir.

4 Q. What were you saying there?

5 A. I mean Levent Balkan when I say Levent, so I'm saying we're
6 going to send two million to Levent's boss on Sunday.

7 Q. Who is Levent's boss?

8 A. Suleyman Aslan.

9 MR. KAMARAJU: Your Honor, may I approach?

10 THE COURT: Yes.

11 Q. I'm showing you what's been marked as Government Exhibit 14
12 for identification. Do you recognize that exhibit?

13 A. Yes, sir.

14 Q. What is it?

15 A. It a photograph of Mr. Levent Balkan.

16 MR. KAMARAJU: The government offers Government
17 Exhibit 14 and ask for permission to publish.

18 MS. FLEMING: No objection.

19 THE COURT: I'll allow it. Objection is noted. I'll
20 allow it.

21 MS. FLEMING: Judge, I said "no objection."

22 THE COURT: I'm sorry. Okay. I'll allow it without
23 objection.

24 (Government's Exhibit 14 received in evidence)

25 Q. Why were you directing Happani to send money to Suleyman

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Zarrab - Direct

1 Aslan?

2 A. Pursuant to our meeting with Mr. Suleyman at his old
3 office, and since I'd already received approval from Mr. Zafer
4 Caglayan, I was making this payment.

5 Q. Do you see where you say "I organized it"?

6 A. Yes, sir.

7 Q. What did you mean by that?

8 A. I don't understand it fully, sir. I don't recall what that
9 was referring to.

10 Q. Do you see where you say a little bit down "You will see on
11 Sunday, okay?"

12 A. Yes, sir.

13 Q. What were you asking him to do?

14 A. I'm telling Abdullah Happani that it will be sent on
15 Sunday.

16 Q. Do you see where Happani says a couple blocks down, "Okay,
17 how, how did you talk, anyway we will do this face to face."

18 A. Yes, sir.

19 Q. What did you understand him to mean by that?

20 A. He's asking what percentage point we would have agreed with
21 Mr. Suleyman. He's asking what that percentage point is that
22 would be paid as bribe.

23 Q. What do you understand him to mean when he says "We will do
24 this face to face"?

25 A. He's saying we would meet face to face when I arrive at the

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Zarrab - Direct

1 office.

2 Q. Do you see about halfway down the page where you say "But
3 this, this man is necessary for us, no matter what."

4 A. Yes, sir.

5 Q. What did you mean when you said that?

6 A. I'm saying that since Suleyman Aslan holds the position of
7 general manager at Halkbank, which is a critical position, I'm
8 saying, and Suleyman is an important person.

9 Q. Do you see where Happani says "He is necessary, also one
10 can never tell, just might get very strong tomorrow."

11 A. Yes, sir.

12 Q. What did you understand Happani to be saying there?

13 A. During this time frame, our transaction volume was not that
14 high, it was low. And Abdullah Happani is saying here that it
15 might increase in the future, and that this may come handy. Or
16 in other words, Abdullah Happani had found 2 million to be a
17 little too much.

18 Q. What do you mean by that?

19 A. In other words, as an initial payment, 2 million is a lot
20 of money. It is a lot. And in comparison to the profit margin
21 that I have, he's saying that he's finding it a little too
22 much, but he also says it's not that important. And what he's
23 saying is once the business picks up, then it will make up for
24 that.

25 Q. Do you see where you say "I think, um, his is more

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Zarrab - Direct

1 important than Abi's."

2 A. Yes, sir.

3 Q. What did you mean there?

4 A. I'm saying that this one is more important than Mr. Zafer
5 Caglayan.

6 Q. Why is that?

7 A. Because Mr. Suleyman Aslan was the person at the head of
8 Halkbank, and since everything is within Halkbank, since we
9 need to get Iranian money out of Halkbank, inasmuch as it was
10 Zafer Caglayan that had given the instruction, Suleyman Aslan
11 could have come up with some problems on the inside, he could
12 have refused it.

13 Q. If we can turn to the next page. Do you see where you say
14 near the top "This is not money thrown out the window, that's
15 what I mean."

16 A. Yes, sir.

17 Q. What did you mean there?

18 A. Since Suleyman Aslan holds an important position and he's
19 in an important role, I'm saying this payment is good and it is
20 important to make.

21 Q. Do you see where you go on to say "Now, for example, these
22 guys, Iran has come, okay, you know, we are making all the
23 payments here, you know, in dirham and this and that."

24 A. Yes, sir.

25 Q. What did you mean by that?

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Zarrab - Direct

1 A. I was fulfilling the international money orders given by
2 Iranians. And the request from the Iranians was for Halkbank
3 to do this directly instead. So here, that's what I mean, if
4 Halkbank were to agree to do this, then I would be completely
5 eliminated.

6 Q. Do you see right below that where you say "Okay, they
7 wanted to do it directly, but these guys threw the ball out of
8 bounds, which pushed Vakif and Ziraat off the circuit."

9 A. Yes, sir.

10 Q. What did you mean by that?

11 A. I'm saying that the Iranians wanted to do this directly,
12 and that they wanted to just do this directly through Ziraat
13 and Vakif also, and I'm relaying that Mr. Suleyman had blocked
14 this and that he was not letting it happen.

15 Q. Could you turn to page five of the exhibit. Or actually
16 page four. Do you see at the bottom where you ask "What is the
17 situation in Dubai?"

18 A. I see it, sir.

19 Q. What are you asking there?

20 A. I'm asking about the dirham cash status for us in Dubai,
21 sir.

22 Q. Why would that be significant?

23 A. In order for us to be able to make the international
24 payments for the Iranians, we need money.

25 Q. Could you turn to page five. Do you see near the top where

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Zarrab - Direct

1 you say "Well you should send, did you send any gold?"

2 A. Yes, sir.

3 Q. What did you mean by that?

4 A. In order for us to be able to fulfill these payments in
5 Dubai, I'm saying make sure to send more gold so we have more
6 money in Dubai. Just like I had drawn on that diagram.

7 Q. Do you see Happani's response "I did send, I send
8 200 kilograms again."

9 A. Yes, I see it, sir.

10 Q. What did you understand him to be saying?

11 A. He's saying he had sent 200 kilograms.

12 Q. What do you say in response?

13 A. I'm saying if money had come in, why did you send so
14 little.

15 Q. What did you mean by that?

16 A. What I'm saying is if we had received money that would be
17 worth more than 200 kilograms, then why did you send only
18 200 kilograms from us to Dubai.

19 Q. A little further down do you see where Happani says "The
20 incoming money -- no, I'm sending most of that already. Also,
21 it's not like the incoming money is the thing. I mean about 15
22 million came in and we were sending 10 of that."

23 A. Yes, I see it.

24 Q. What did you understand him to be saying?

25 A. Abdullah Happani means that there was not much more money

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Zarrab - Direct

1 than what's 200 kilograms worth. He's saying what he came in
2 he already sent out 10 million of that, and that's what it was.

3 Q. What do you say in response?

4 A. I'm saying are you sending 10 million.

5 Q. What does he say in response?

6 A. He says what I sent is 200 kilograms worth, which is 12
7 million. He says I'm sending 10 million, 12 million, and the
8 12 million mentioned here is the equivalent of 200 kilograms of
9 gold at that time.

10 Q. Mr. Zarrab, I'd like to show you what's been marked for
11 identification as Government Exhibit 3736. Take a moment to
12 look at that.

13 MR. KAMARAJU: We can also turn to the next page.

14 A. Yes, sir.

15 Q. Let me ask some questions about the first page first. Do
16 you recognize this exhibit?

17 A. I recognize it, sir.

18 Q. What is it?

19 A. It is an electronic mail.

20 Q. Who sent it?

21 A. Abdullah Happani.

22 Q. To whom did he send it?

23 A. It's myself, sir.

24 Q. How do you recognize this e-mail?

25 A. It's the e-mail that I personally used, sir.

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Zarrab - Direct

1 Q. What is the date of the e-mail?

2 A. April 10, 2013.

3 Q. Can we turn to the attachment. What is the attachment?

4 A. This is the account statement for Zafer Caglayan.

5 Q. What is reflected on the account statement, on this account
6 statement for Zafer Caglayan?

7 A. These are the funds that were paid to Zafer Caglayan.

8 MR. KAMARAJU: The government would offer Government
9 Exhibit 3736 and ask to publish it.

10 MS. FLEMING: Objection for hearsay and foundation.

11 THE COURT: Do you want to go through the statement
12 somewhat.

13 MR. KAMARAJU: Sure, your Honor.

14 Q. So, what is the title of this document?

15 A. (In English) "Statement of Account."

16 Q. What does statement of account mean?

17 MS. FLEMING: Your Honor, he's reading from a document
18 not in evidence.

19 THE COURT: I'll allow it. Go ahead.

20 A. Can you please repeat the question?

21 Q. Sure. What does statement of account mean?

22 A. It is an internal accounting record that we have within our
23 company.

24 Q. Who prepared this record?

25 A. Our accounting, and it would be mainly controlled by

HBU3ATI3

Zarrab - Direct

1 Abdullah Happani.

2 Q. For what purpose was this record prepared?

3 A. To keep record of moneys that were paid in order to
4 reconcile the funds that we were receiving from the Iranian
5 trade, or with the moneys that were being paid out.

6 Q. Why did you need to reconcile those two things?

7 A. So I was paying 50 percent of -- the specific amount of
8 50 percent to Zafer Caglayan with regard to the Iranian trade
9 that we were conducting. And a sum of those profits had to be
10 calculated. And this is to keep an accounting record of how
11 much we had paid and how much is still to be paid on the
12 record.

13 MR. KAMARAJU: The government would offer Government
14 Exhibit 3736.

15 THE COURT: I'll allow it.

16 (Government's Exhibit 3736 received in evidence)

17 MR. KAMARAJU: Can we publish to the jury, your Honor?

18 THE COURT: Yes.

19 MR. KAMARAJU: Can we go to page two, please,
20 Mr. Chang-Frieden, thank you.

21 Q. Let's start with the first column on the left. You see the
22 one that's labeled tran date?

23 A. Yes, sir.

24 Q. What does that column represent?

25 A. The date that the transaction had been executed.

HBU3ATI3

Zarrab - Direct

1 Q. Do you see the column next to it, value date?

2 A. Yes, sir.

3 Q. Do you know what that column represents?

4 A. Yes, if the transaction involves a future payment date,
5 then the record date would be different from that.

6 Q. Do you see the column next to it?

7 A. Yes, sir.

8 Q. What does that column show?

9 A. It shows the type and nature of the transaction.

10 Q. Let's go to the next column, the column titled number.

11 THE COURT: Could you stay on that so we could
12 understand the different types of transactions.

13 MR. KAMARAJU: Certainly.

14 Q. So let's look at the first row. What type, what is listed
15 under the type column?

16 A. PV.

17 (Continued on next page)

18

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HBUPATI4

Zarrab - Direct

1 Q. What does PV mean?

2 A. It's abbreviation for payment voucher.

3 Q. And what does that mean?

4 A. It means it's a record of a payment made. It's a payment
5 that was made out of our safe.

6 Q. And do you see the entry in that same column for the next
7 row?

8 A. Yes, sir.

9 Q. What's written there?

10 A. AD.

11 Q. And what does that mean?

12 A. It's an abbreviation for advice.

13 Q. What does advice mean?

14 A. It represents a transfer between our accounts within our
15 accounting software.

16 Q. And do you see in the same column, the last row?

17 A. I see it, sir.

18 Q. What's written there?

19 A. DBN.

20 Q. And what does DBN mean?

21 A. It's an abbreviation for debit note, sir.

22 Q. And what's a debit note?

23 A. It's a record of debiting, sir.

24 Q. The next column over, the number column?

25 A. That's the record number for this transaction within our

HBUPATI4

Zarrab - Direct

1 accounting software.

2 Q. And let's go to the next column. What's that?

3 A. It's the explanation made with regards to the transaction,
4 sir.

5 Q. For the record, that's the column titled Narration; is that
6 right?

7 A. Yes, sir.

8 Q. The next column over, titled --

9 THE COURT: Could we have an explanation?

10 MR. KAMARAJU: Certainly.

11 Q. So let's look at the top, under Narration?

12 A. Yes, sir.

13 Q. What does it say there?

14 A. It says "cash to Umit."

15 Q. What does that mean?

16 A. The name of the person that took the money to Caglayan.

17 Q. What's that person's name here?

18 A. Umit.

19 Q. Okay. Now, the next column over?

20 THE COURT: Before you get to that, so in that column,
21 the second entry is Duman?

22 THE WITNESS: Yes, sir.

23 THE COURT: And is that a person?

24 THE WITNESS: It's the name of the company owned by my
25 brother, sir.

HBUPATI4

Zarrab - Direct

1 THE COURT: And if you could just go down the column
2 and tell us what the different -- Sadik, for example, and then
3 Yusuf?

4 THE WITNESS: Your Honor, Sadik is the name of the
5 person that took the money on that particular date to Zafer
6 Caglayan. Yusuf, Saatci Yusuf represents the amount of money
7 that was paid for the watch that had been paid by the
8 individual and the payment that was paid to Saatci Yusuf. It's
9 the amount of money that was paid at the direction of
10 Mr. Zafer.

11 Q. Just to clarify, what watch are you referring to?

12 A. Many watches. I don't know which one this represents.

13 Q. Do you see the row in red, that's highlighted in red?

14 A. Yes, sir.

15 Q. What's the date of that transaction?

16 A. It's October 15th, 2012, sir.

17 Q. And what does it say in the narration field?

18 A. "Cash to SLMN."

19 Q. What does that mean?

20 A. It was the money that was sent to Mr. Suleyman.

21 Q. Which Suleyman?

22 A. Suleyman Aslan.

23 Q. And how much money was sent to Suleyman Aslan in this
24 payment?

25 A. Two million Euros.

HBUPATI4

Zarrab - Direct

1 Q. And we haven't talked about it yet, but the column that
2 says Balance, what does that refer to?

3 A. It's the sum of payments that have been made.

4 Q. And what's that sum? What's that figure for the line in
5 red?

6 A. It's 27,989,500. I'd like to clarify this. This two
7 million amount was entered into Zafer Caglayan's account by
8 mistake. It was removed later on. This 27,989,500 Euros is
9 not the sum of monies that were paid to Suleyman Aslan.

10 Q. Thank you for that clarification. There's one other thing
11 I want to clarify. The tran date and the value date fields,
12 just to be clear, on those dates, is the month the first or
13 second date reflected?

14 A. The months are shown as the second. In other words, the
15 months are in the middle, sir.

16 Q. Thank you. Now, could we go back to page 1 of the exhibit.
17 What's the subject of this e-mail?

18 A. Cag.

19 Q. Do you know what that's a reference to?

20 A. It represents Zafer Caglayan.

21 Q. And what's the name, the file name of the attachment?

22 A. That is Cag also.

23 Q. And what's that a reference to?

24 A. And that represents that this was the account statement for
25 Zafer Caglayan.

HBUPATI4

Zarrab - Direct

1 Q. I believe you testified yesterday that there was some
2 discrepancy involving payments to Caglayan; is that right?

3 A. I had referred to the numbers, amounts not being consistent
4 and maybe that was misunderstood.

5 Q. What did you mean by that?

6 A. It means Mr. Zafer Caglayan and us, there was some
7 discrepancy between the amounts that we had sent and what was
8 due.

9 Q. What was that discrepancy?

10 A. For example, the amount that had been paid to Suleyman
11 Aslan was erroneously entered into the Zafer Caglayan's
12 account, and I had to make that payment out of my own pocket.

13 Q. How much was that payment?

14 A. Two million Euros.

15 Q. Now, Mr. Zarrab, did you bribe anyone else other than
16 Suleyman Aslan at Halkbank?

17 A. No, absolutely not.

18 Q. Did you bribe Levent Balkan?

19 A. No, absolutely not.

20 Q. Did you bribe the defendant?

21 A. No, absolutely not.

22 Q. Why didn't you bribe anybody else at Halkbank?

23 A. I was already giving bribes to the Turkish minister of
24 economy. I was also giving these to the person at the head of
25 Halkbank, to its general manager. I didn't feel a need to pay

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Zarrab - Direct

1 any other to any other individuals.

2 MR. KAMARAJU: Your Honor --

3 A. In terms of the mentioned individuals, there was no request
4 made by them either.

5 MR. KAMARAJU: Your Honor, I'm happy to proceed now,
6 but I am going to turn to another section; so I just wanted to
7 let you know, in case...

8 THE COURT: Yes, let's go another ten or 15 minutes.

9 MR. KAMARAJU: Okay.

10 Q. Now, the meeting that you had at Halkbank, I believe you
11 testified it involved bringing Iranian money into Turkey; is
12 that right?

13 A. Yes. Yes, that was one part of it.

14 Q. Did you ever try to copy the system that you had at
15 Halkbank in any other country?

16 A. Yes, we tried to.

17 Q. What other countries?

18 A. For example, in China.

19 Q. I'd like to show you what's been marked for identification
20 as Government Exhibit 3631. Just take a moment to review that,
21 please. Do you recognize that document?

22 A. I recognize it, sir.

23 Q. What is it?

24 A. Electronic mail.

25 Q. Who sent it?

HBUPATI4

Zarrab - Direct

1 A. Ruchan Bayar.

2 Q. Who is Ruchan Bayar?

3 A. He is one of the staff members that worked in my company
4 during that time period.

5 Q. And who received the e-mail?

6 A. Me, sir.

7 Q. And how do you recognize the e-mail?

8 A. This is the e-mail address used by me personally, sir.

9 Q. What's the date of the e-mail?

10 A. September 10th, 2012.

11 MR. KAMARAJU: Mr. Chang-Frieden, could we bring up
12 along side of that for the witness and counsel and the Court,
13 Government Exhibit 3631-T. It has been admitted subject to
14 connection.

15 Q. Now, Mr. Zarrab, what was the general purpose of Government
16 Exhibit 3631?

17 A. This is like an information report. Ruchan Bayar is
18 summarizing for me what we would need to do in our attempts in
19 order to copy our system over there.

20 MR. KAMARAJU: Your Honor, the government would offer
21 3631 into evidence and ask to publish it, and 3631T.

22 MS. FLEMING: Objection, foundation, relevance and
23 hearsay.

24 THE COURT: Yes, so let's have a little bit more on
25 foundation.

HBUPATI4

Zarrab - Direct

1 MR. KAMARAJU: Okay.

2 BY MR. KAMARAJU:

3 Q. You mentioned that you were -- what was the purpose of the
4 business in China?

5 A. That would be the Chinese version of what we were doing in
6 Turkey, which is to take the money out, out of the Chinese
7 banks that would have accumulated from crude oil sales to
8 China, and use that money to make international payments.

9 MS. FLEMING: Your Honor, I withdraw my objection.

10 THE COURT: Withdraw it?

11 MS. FLEMING: Withdraw it.

12 THE COURT: Okay. Go ahead.

13 MR. KAMARAJU: Then, your Honor, the government offers
14 Government Exhibit 3631.

15 THE COURT: I'll allow them both.

16 (Government's Exhibits 3631 and 3631-T received in
17 evidence)

18 MR. KAMARAJU: Maybe for ease of reading,
19 Mr. Chang-Frieden, we could just publish 3631-T, unless
20 everybody wants the Turkish version.

21 BY MR. KAMARAJU:

22 Q. So, Mr. Zarrab, what is the subject line of this e-mail?

23 A. This is a summary. It's a summary for forming or
24 establishing companies in China.

25 Q. And why did you need to establish a company in China?

HBUPATI4

Zarrab - Direct

1 A. In Turkey, as well, we were getting the money out through
2 companies, and we needed to establish the same system there.

3 Q. Okay. And did you ever establish a company in China?

4 A. Yes, sir.

5 Q. And do you see, I guess it's No. 5 on the list?

6 A. Yes, sir.

7 Q. It says: "Turhan Yilmaz will make USD 200,000 capital
8 transfer from Istanbul on the 16th of September"?

9 A. I see it, sir.

10 Q. Who is Turhan Yilmaz?

11 A. Turhan Yilmaz is one of the staff members that worked at my
12 company during that time period.

13 THE COURT: Could you explain four also before that?

14 Q. Sure. Mr. Zarrab, if you look at the fourth item on the
15 list, what do you understand Ruchan Bayar to be saying there?

16 A. That the company would be established by September 16th and
17 that an account for the company named ABLES would be opened
18 within the Construction Bank of China. He's saying that he had
19 received the initial approval for that.

20 Q. And the sixth item on the list says -- do you see where it
21 says: "We will start the business on the 16th of September
22 with one million Euro transfer from Capital Bank"?

23 A. Yes, sir.

24 Q. What do you understand that's in reference to?

25 A. In other words, he's saying that we're going to run a trial

HBUPATI4

Zarrab - Direct

1 transaction at the amount of one million Euros.

2 Q. Did you actually start the business in China?

3 A. Yes, we started it, sir.

4 Q. And did it progress?

5 A. For a certain period, sir.

6 Q. What stopped it?

7 A. The banks.

8 Q. Which banks were those?

9 A. Bank of Kunlun, Ping An Bank, Bohai Bank, all the banks
10 that we were working with, they stopped it. The banks that
11 realized that this had something to do with Iran, they
12 immediately stopped it.

13 THE COURT: Those banks that you mentioned, are those
14 Chinese banks?

15 THE WITNESS: Yes, your Honor. Except for Bank of
16 Kunlun. Bank of Kunlun was already a bank that was an
17 intermediary bank for Iranian transactions.

18 THE COURT: How long were you up and running, so to
19 speak?

20 THE INTERPRETER: Could you repeat that, sir?

21 THE COURT: How long was he operating before it was
22 stopped in China?

23 THE WITNESS: It was a few months.

24 MR. KAMARAJU: Your Honor, I was just about to start
25 sort of a string of exhibits; so it might make sense to take a

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Zarrab - Direct

1 break now.

2 THE COURT: Okay. All right. I'm happy to take the
3 lunch break now. If everybody could be back at 2:00. It's 20
4 to 1:00 now, and if the jurors wish, they can use the cafeteria
5 on the 8th floor. Thanks a lot. We'll see you.

6 (Jury not present)

7 THE COURT: Okay. We'll see everybody at 2:00.
8 Thanks a lot.

9 (Pause)

10 THE COURT: Counsel, could you come up for a minute,
11 or I'll come there.

12 (Continued on next page)

HBUPATI4

Zarrab - Direct

1 (At the side bar)

2 THE COURT: I just was going to ask if you have sort
3 of an approximation of where we are on Mr. Zarrab's direct?

4 MR. KAMARAJU: I'd say --

5 THE COURT: I won't hold you to it.

6 MR. KAMARAJU: I appreciate that. I think we've
7 probably gotten through about half.

8 THE COURT: Half? So your anticipation is that he'll
9 go --

10 MR. KAMARAJU: I think he'll go into --

11 THE COURT: -- next week or finish Friday?

12 MR. KAMARAJU: Well, I think he may go into like the
13 beginning of Monday.

14 THE COURT: I see.

15 MS. FLEMING: On direct?

16 MR. KAMARAJU: Possible.

17 THE COURT: Okay.

18 MS. FLEMING: I'm ready to start.

19 THE COURT: What, cross?

20 MS. FLEMING: I'm ready any time.

21 THE COURT: I think you have to wait for him to
22 finish.

23 MS. FLEMING: Really? Can't we do it
24 subject-by-subject? That would be a good way to do it.

25 THE COURT: If you have two separate proceedings. No,

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Zarrab - Direct

1 okay. Then I'll see you at 2:00.

2 MS. FLEMING: Thanks, Judge.

3 MR. KAMARAJU: Thank you.

4 (Luncheon recess)

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Zarrab - Direct

A F T E R N O O N S E S S I O N

2:06 P.M.

(In open court; jury present)

THE COURT: How is everybody? Please be seated, and we'll continue with the direct examination of Mr. Zarrab.

THE DEPUTY CLERK: Mr. Zarrab, I'd like to remind you that you're still under oath.

THE WITNESS: (In English) Yes, ma'am.

MR. KAMARAJU: May I proceed?

THE COURT: Yes.

MR. KAMARAJU: Thank you, your Honor.

BY MR. KAMARAJU:

Q. Now, Mr. Zarrab, I think when we broke we were talking about the business in China; do you remember that?

A. Yes, that's right.

Q. I'd like to show you what's been marked for identification as Government Exhibit 3748. Take a moment to review it.

A. It's not up yet. It's up.

Q. If you'd just take a moment to review that. Do you recognize it?

A. Yes, sir.

Q. What is it?

A. Electronic mail.

Q. Let's start at the bottom of the document, what do you see there?

HBUPATI4

Zarrab - Direct

1 A. It's information about the company that we had established
2 in China, the ABLES Tianjin International Trading Company, and
3 also a text of -- it's a text. It's a draft text that was
4 prepared to be presented to the banks in China.

5 Q. Okay. And is that draft text contained in an e-mail?

6 A. Yes, sir.

7 Q. And who sends that e-mail?

8 A. The person that sends it to me is Ruchan Bayar.

9 Q. And just remind us who is Ruchan Bayar?

10 A. He is a personnel that was working in my company during
11 that time. He was dealing with the Chinese matters during that
12 time.

13 Q. And what's the date of the e-mail?

14 A. July 3rd, 2013.

15 Q. And the text contained in the e-mail, does that relate to
16 the business you were doing in China?

17 A. Yes, it's related to the Iranian trade.

18 MR. KAMARAJU: Your Honor, the government would offer
19 Government Exhibit 3748 and ask that it be published.

20 THE COURT: I'll allow it.

21 (Government's Exhibit 3748 received in evidence)

22 BY MR. KAMARAJU:

23 Q. Okay. So let's turn to the text that you testified before.
24 Tell us again, what is that?

25 A. In shortly -- in summary, this was a reference letter that

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Zarrab - Direct

1 was written to be presented to banks in China.

2 Q. And why did you need to present a reference letter to banks
3 in China?

4 A. Ruchan Bayar in China said that he had a need for this
5 because your business in China was not as easy as it was in
6 Turkey. We were facing some problems there, and this was at
7 his request.

8 Q. And what kind of problems was your business facing?

9 A. They were not conducting the transactions.

10 Q. And do you know why they weren't conducting the
11 transactions?

12 A. They were suspicious that the transactions might be related
13 to Iran.

14 Q. Did you try to get this reference letter?

15 A. Yes.

16 Q. What steps did you take to try to get the reference letter?

17 A. I made the request to the ministry of interior.

18 Q. Who did you convey that request to?

19 A. To the son of the minister of interior, at that time, of
20 the Republic of Turkey by the name of Muammer Guler.

21 Q. And what was the son's name?

22 A. Can you repeat the question, please?

23 Q. Yes, I'm sorry. What was the son's name?

24 A. Baris Guler.

25 MR. KAMARAJU: Okay. May I approach, your Honor?

HBUPATI4

Zarrab - Direct

1 Q. I'm showing you what's been marked for identification as
2 Government Exhibit 15; do you recognize that?

3 A. Yes, I recognize it.

4 Q. What is it?

5 A. It's a photograph of Mr. Muammer Guler.

6 MR. KAMARAJU: Your Honor, I'd offer Government
7 Exhibit 15.

8 THE COURT: I'll allow it.

9 (Government's Exhibit 15 received in evidence)

10 MR. KAMARAJU: Permission to publish?

11 THE COURT: Sure.

12 BY MR. KAMARAJU:

13 Q. So while that's going up, let me ask you. Why did you
14 approach the Turkish minister of the interior's son about this
15 letter?

16 A. Baris Guler was working as a consultant for our companies
17 during that time while he was the -- while his dad was the
18 minister of interior.

19 Q. And how did you communicate with Baris Guler?

20 A. I met in person. I communicated via telephone. I messaged
21 through WhatsApp.

22 Q. Okay. Were you ultimately successful in obtaining the
23 letter?

24 A. Yes, sir.

25 MR. KAMARAJU: Your Honor, may I approach?

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Zarrab - Direct

1 THE COURT: Yes.

2 BY MR. KAMARAJU:

3 Q. I'm showing you what's been marked for identification as
4 Government Exhibit 3750. Do you recognize that document?

5 A. Yes, I recognize it.

6 Q. Okay. What is it?

7 A. It's the letter that the minister of interior Muammer Guler
8 had written to the bank in China.

9 Q. Okay. And is the document an e-mail?

10 A. Yes. I received it as an e-mail, and I sent it forward to
11 Ruchan Bayar as an e-mail as well.

12 Q. And who did you -- I'm sorry, withdrawn. You said you sent
13 it to Ruchan Bayar?

14 A. Yes. Yes, sir, in a report to be forwarded to the banks in
15 China.

16 MR. KAMARAJU: Your Honor, the government would offer
17 Government Exhibit 3750.

18 THE COURT: Is it on the screen?

19 MR. KAMARAJU: It appears not to be. Let me just
20 check real quick.

21 MS. FLEMING: Objection, relevance.

22 THE COURT: Any way to enlarge that?

23 MR. KAMARAJU: I believe it's in Turkish.

24 THE COURT: Yes. Is there a translation?

25 MR. KAMARAJU: No, I'm sorry. We don't have a

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Zarrab - Direct

1 translation of this one, your Honor.

2 THE COURT: I'll allow it for whatever it's worth.

3 (Government's Exhibit 3750 received in evidence)

4 MR. KAMARAJU: Okay. I don't intend on asking him a
5 lot of questions about the text of the document. In fact, I
6 don't intend to ask him any questions about the text of the
7 document.

8 BY MR. KAMARAJU:

9 Q. You said you transmitted this letter to Ruchan Bayar,
10 right?

11 A. Yes, that's correct.

12 Q. Did you have to pay anyone to obtain this letter?

13 A. Yes.

14 Q. How much did you have to pay?

15 A. Approximately one \$100,000.

16 Q. And who did you pay that to?

17 A. To Baris Guler.

18 Q. If we could please, I'd like to show you what's been marked
19 for identification as Government Exhibit 232-T. The second
20 page, please.

21 A. Yes, sir.

22 Q. Okay. Do you recognize the exhibit?

23 A. Yes, I recognize it.

24 Q. What is it?

25 A. It's a transcription of a phone conversation.

HBUPATI4

Zarrab - Direct

1 Q. Did you participate in this conversation?

2 A. Yes, sir.

3 Q. Have you listened to a recording of this conversation?

4 A. Yes, I listened to it, sir.

5 Q. Did the recording accurately capture your conversation?

6 A. Yes, it reflected, sir.

7 Q. And who participated in this call?

8 A. Ruchan Bayar and myself.

9 Q. And what generally was the purpose of this call?

10 A. With regard to Iranian trade. He was giving me information
11 about a bank in China, after his communications with them.

12 MR. KAMARAJU: Your Honor, the government would offer
13 Government Exhibit 232-T subject to connection.

14 MS. FLEMING: And subject to authentication.

15 THE COURT: Okay. I'll allow it.

16 (Government's Exhibit 232-T received in evidence)

17 MR. KAMARAJU: Could we please publish that starting
18 at page 2.

19 BY MR. KAMARAJU:

20 Q. Now, if you could look down to about near the bottom of the
21 page where you say: "Of course, like Levent Balkan"?

22 A. Yes, I see it.

23 Q. What were you trying to say there?

24 A. I'm giving Levent Balkan at Halkbank just as an example, a
25 person like Levent Balkan as an example.

HBUPATI4

Zarrab - Direct

1 Q. What did you mean, "a person like Levent Balkan"?

2 A. During a phone conversation with Ruchan Bayar, Ruchan Bayar
3 was conveying to me the summary of his meeting. In order for
4 me to understand the positions that were held by the
5 individuals that were at his meeting, we were doing a
6 comparison of these individuals with individuals at Halkbank,
7 the positions, so that we can understand these positions.

8 So I'd like to give you an example such as this one.
9 The X person that he might be meeting with, he has tried to
10 express that this would be a counterpart or an equivalent of
11 the position that was held by Levent Balkan in Turkey. So here
12 I'm asking him, so like Levent Balkan?

13 Q. And what was your understanding of Levent Balkan's role at
14 Halkbank?

15 A. Mr. Levent Balkan, while he was still within the bank, he
16 participated very closely in the daily transactions that we
17 were running with Iran at that time.

18 Q. Okay. And you see, I guess it's two blocks down, where
19 Bayar says: "Then there is a lower-ranked man that is on our
20 side, and then there is a Suleyman."

21 A. Yes, I see it.

22 Q. What did you understand him to be saying there by "there is
23 a lower-ranked man that is on our side"?

24 A. He had given money to a lower-ranked person at the bank
25 branch and that person had accepted that; so he's referring to

HBUPATI4

Zarrab - Direct

1 the lower-ranked person.

2 Q. And what is your understanding of what he means when he
3 says "then there is a Suleyman"?

4 A. He is referring to Suleyman Aslan as an example at
5 Halkbank.

6 Q. And what was your understanding of Suleyman Aslan's role at
7 Halkbank?

8 A. Suleyman Aslan is the general manager of Halkbank and was
9 the person with the highest authority there.

10 Q. Can we turn to page 3, please. And do you see at the top
11 where Bayar says: "So Mr. Wo definitely doesn't want to work
12 with us -- for sure, one hundred percent. First of all, he
13 says we can't do intermediary trade through them."

14 A. Yes, I see it.

15 Q. What did you understand him to be saying there?

16 A. That the person at the bank, Mr. Wo, did not want to be
17 participating in the trade with Iran, especially intermediate
18 trade with Iran as an intermediary on their part.

19 Q. And then two blocks down, do you see where he says:
20 "Second, they absolutely never allow gold, jewelry items or
21 nuggets;" do you see that?

22 A. Yes, I see it, sir.

23 (Continued on next page)

HBU3ATI5

Zarrab - Direct

1 Q. What did you understand him to mean there?

2 A. He's saying that the bank is absolutely not allowing the
3 same trade that we're doing at Halkbank to occur in China.

4 Q. Can we turn to page five. Do you see at the bottom where
5 you say "There is only one opposition man, they have him tied
6 up tight." My apologies. Bayar says "There is only one
7 opposition man, they have him tied up tight. He's like Hakan,
8 I mean, exactly, he's in charge of foreign trade,
9 international -- he's the business manager."

10 Do you see that?

11 A. Yes, I see it.

12 Q. What did you understand him to mean when he said "There's
13 only one opposition man, they have him tied up tight"?

14 A. A different Iranian person was partially working with the
15 bank, the equivalent of Mr. Hakan, would be the head of the
16 international department at the Chinese bank. That person was
17 in close relationship with this other person, and for that
18 reason, he was not allowing another person to come in to do the
19 trade.

20 Q. Who did you understand him to be referring to when he said
21 Hakan?

22 A. Mr. Hakan Atilla.

23 Q. Could we turn to page 11, please. Do you see near the top
24 of the page where you say "Without you baiting the person who
25 is in Hakan's boss' position at the bank or" -- and you get

HBU3ATI5

Zarrab - Direct

1 interrupted, "the one who is in Hakan's position, the one who
2 is in opposition, nothing will happen."

3 Do you see that?

4 A. Yes.

5 Q. What did you mean there?

6 A. Without giving a bribe, a share or money to the person who
7 is in the same position as Suleyman Aslan in China, or without
8 giving money -- without giving bribes to the person who is
9 blocking Ruchan who was in the same position as Hakan Atilla in
10 the bank in China. I'm saying there is no way he can pull this
11 off.

12 Q. How long did your business in China last? Your Iranian
13 business in China?

14 A. A few months.

15 Q. What caused it to stop?

16 A. Banks.

17 Q. What made the banks stop the business?

18 A. As soon as they understood that the money trade had
19 something to do with Iran, they stopped it. In other words,
20 they stopped it as soon as they understood or as soon as the
21 suspicion formed that these moneys were involved in making
22 international payments on behalf of Iran.

23 THE COURT: Could I see counsel just for a minute at
24 the sidebar.

25 (Continued on next page)

HBU3ATI5

Zarrab - Direct

1 (At the sidebar)

2 THE COURT: I'm not exactly understanding. We're off
3 in China now with this last hour or so.

4 MR. KAMARAJU: Well, I think there were a couple of
5 different things, but I'm about to end the China piece.

6 THE COURT: So they folded the China piece. The
7 Chinese did.

8 MR. KAMARAJU: The Chinese did. I'm about to dial it
9 back to Halkbank with two questions and be done.

10 But the purpose of it was, frankly, to show the
11 relationship and understanding among co-conspirators of various
12 people's roles at the bank and how they interacted with the
13 Iranian business at Halkbank.

14 So, the last call we went through where they went
15 through three high-ranking Halkbank individuals, including the
16 defendant, and analogized them to people at the Chinese bank.

17 MR. ROCCO: What is the relevance of that?

18 MR. KAMARAJU: Their understanding.

19 MS. FLEMING: How is it not hearsay?

20 MR. ROCCO: It's pure hearsay.

21 MR. KAMARAJU: It is a co-conspirator statement.

22 THE COURT: Whatever. I think we should get back to
23 Turkey.

24 MR. KAMARAJU: I'm going to ask one more very short
25 question on it. It won't be on any document. And we'll be

HBU3ATI5

Zarrab - Direct

back in Turkey.

(Continued on next page)

HBU3ATI5

Zarrab - Direct

(In open court)

BY MR. KAMARAJU:

Q. Mr. Zarrab, I think I asked you how long did the Iranian business in China last. Let me ask you this: How long did the Iranian business at Halkbank last?

A. From 2012 until I got arrested.

Q. I'd like to show you what's been marked for identification as Government Exhibit 2511. Do you recognize that document?

A. Yes, sir.

Q. What is it?

A. This is an electronic mail.

Q. Did you receive this e-mail?

A. No, sir.

Q. Do you recognize any of the e-mail addresses identified on this e-mail?

A. There are ones that I do know.

Q. Let's start with the sender. Do you recognize the sender?

A. No, I only know it's from Halkbank.

Q. Let's look at the "to" line. Do you recognize any e-mail addresses on the "to" line?

MS. FLEMING: Objection.

THE COURT: Overruled.

A. Yes, I know, sir.

Q. Whose e-mail address do you recognize on that?

A. Sinem and Umut.

HBU3ATI5

Zarrab - Direct

1 Q. Who is Sinem?

2 A. Sinem was one of my personnel who worked in my company at
3 that period of time.

4 Q. And who is Umut?

5 A. Umut's full name, Umut Bayraktar, is also one of the
6 persons who were working for me as a personnel in my company.

7 Q. Just to be clear, which of the e-mail addresses on the "to"
8 line belong to Sinem?

9 A. The first one.

10 Q. Which one belongs to Umut?

11 A. The second one.

12 Q. What is the date of the e-mail?

13 A. July 24, 2013.

14 Q. Do you recognize any e-mail addresses on the cc line?

15 A. There are ones that I do, yes.

16 Q. Which ones do you recognize?

17 A. Mujgan Beyhan.

18 Q. Who is that?

19 A. She's one of the authorized persons in Halkbank where we
20 had our account in the branch.

21 Q. What is the subject line of this e-mail?

22 A. That's a record of closed and unclosed transactions for the
23 moneys that came to Safir and Royal companies from outside the
24 country. For exports, closing records.

25 MR. KAMARAJU: Can we turn to Government Exhibit

HBU3ATI5

Zarrab - Direct

1 2511-1, please.

2 Q. Mr. Zarrab, is this one of the attachments that was
3 described in the prior exhibit?

4 MS. FLEMING: Judge.

5 THE COURT: Is that a question?

6 MS. FLEMING: Objection. No foundation.

7 THE COURT: I didn't understand the question.

8 MR. KAMARAJU: I asked if this was one of the
9 documents that was referred to in the prior exhibit.

10 THE COURT: I'll allow that. Go ahead.

11 A. Yes. That's one of the attachments of the previous e-mail.

12 Q. What is written at the top of the attachment?

13 A. Royal Maritime, Iranian transactions by the date 8/2/2013.

14 Q. What is Royal Maritime?

15 A. A company that was owned by me.

16 Q. Do you have an understanding of what this document is?

17 A. Yes, of course.

18 Q. What is it?

19 A. We had a limited amount of time to do the exports for the
20 moneys that came to the Halkbank account. So firstly we were
21 taking the money out of Halkbank, and later, in the period
22 either 30 days or 60 days, which I don't remember exactly, we
23 were supposed to realize the export as an exchange for the
24 amount of money that was received. We had to do the gold
25 export equivalent to the amount that we received in money. I

HBU3ATI5

Zarrab - Direct

1 can show it on the drawing if they want.

2 MR. KAMARAJU: With your Honor's permission.

3 THE COURT: I'm trying to figure out what this
4 document is.

5 MR. KAMARAJU: I thought he might explain on there,
6 but I'm happy to ask him some more question first.

7 THE COURT: You put it up on the screen, right?

8 MR. KAMARAJU: Yes.

9 MS. FLEMING: He testified he never saw it.

10 Q. When you referred to gold exports, was there any sort of
11 reconciliation process you had to go through?

12 A. Yes, we had to send the equivalent amount of gold for the
13 money that is coming in.

14 Q. Who did you have to reconcile with?

15 A. With Halkbank.

16 Q. Why did you have to do those reconciliations?

17 A. Because the documents of the money that came had to be
18 reconciled within the bank with the exports that are made.

19 Q. I'm not sure -- I cut you off.

20 A. So this is the record of what we were doing to reconcile
21 the Iranian transaction, we were covering it with gold.

22 Q. Are you familiar with the recordkeeping process for the
23 reconciliation?

24 A. Yes, generally I know, but mainly my personnel was in
25 contact with the bank, and they would do the details.

HBU3ATI5

Zarrab - Direct

1 Q. Is your familiarity with your company's reconciliation
2 process?

3 A. Yes.

4 Q. Did that process involve receiving information from
5 Halkbank?

6 A. Yes, of course.

7 Q. Looking at Government Exhibit 2511-1, are these the kinds
8 of documents you received from Halkbank as part of that
9 reconciliation process?

10 A. Yes, sir.

11 Q. I'd like to show you what has been marked as Government
12 Exhibit 2511-2. Is this one of the documents that was referred
13 to in Government Exhibit 2511?

14 A. Yes, sir.

15 Q. Looking at the document, do you recognize it as --

16 THE COURT: Is it an attachment to the e-mail? Is
17 that what it is, another attachment?

18 MR. KAMARAJU: Yes, your Honor.

19 THE WITNESS: Yes, sir.

20 Q. Do you recognize Government Exhibit 2511-2 as the kinds of
21 documents your company would receive as part of the
22 reconciliation process?

23 A. Yes, sir.

24 Q. I'd like to show you what's been marked as Government
25 Exhibit 2511-3. Is this another attachment to the e-mail that

HBU3ATI5

Zarrab - Direct

1 was Government Exhibit 2511?

2 A. Yes, sir.

3 Q. Is this another example of the kinds of documents you would
4 receive from Halkbank as part of the reconciliation process?

5 A. Yes, sir.

6 Q. Finally I'd like to show you what's been marked as
7 Government Exhibit 2511-4. Is this another attachment to
8 Government Exhibit 2511?

9 A. Yes, sir. It is a list of amounts that came from Iran,
10 which belongs to another company of ours.

11 Q. Which company is that?

12 A. Safir Gold.

13 Q. Ultimately, what was the purpose of the reconciliation
14 process?

15 A. The documents at the bank for the money that came from Iran
16 to do the documentation and to close it and then organize the
17 documents, indicating the ultimate arrival point within the
18 directions given by the bank.

19 Q. You testified about two e-mails of yours -- I apologize.
20 Two employees of yours who received this e-mail. Do you
21 remember that?

22 MS. FLEMING: Objection.

23 THE COURT: Sustained.

24 A. Yes, sir.

25 THE COURT: Hold it.

HBU3ATI5

Zarrab - Direct

1 MR. KAMARAJU: Can we turn back to Government Exhibit
2 2511.

3 Q. Looking at the "to" line.

4 A. Yes, sir.

5 Q. Whose e-mail addresses are those?

6 A. These are the e-mails for the two persons who are the
7 personnels who worked for my company.

8 Q. Did those employees have any responsibilities relating to
9 the reconciliation process?

10 A. Yes. These are the authorized personnel who were in touch
11 with the Halkbank to ensure the closing of the account.

12 Q. Were they responsible for receiving information from
13 Halkbank related to closing accounts?

14 A. Yes, sir.

15 MR. KAMARAJU: The government would offer Government
16 Exhibit 2511, 2511-1, 2511-2, 2511-3 and 2511-4.

17 MS. FLEMING: Objection. Hearsay and foundation.

18 THE COURT: We'll have to defer that for now. We'll
19 come back to it later.

20 MR. KAMARAJU: Okay, I'll move on.

21 Q. I'd like to show you what's been marked as Government
22 Exhibit 211-T for identification. Do you recognize this
23 exhibit?

24 A. I do, sir.

25 Q. What is it?

HBU3ATI5

Zarrab - Direct

1 A. That's a transcription of a telephone conversation.

2 Q. Did you participate in this conversation?

3 A. Yes, sir.

4 Q. Do you remember the call?

5 A. I do remember, sir.

6 Q. Have you listened to a recording of the conversation?

7 A. Yes, I did, sir.

8 MS. FLEMING: No objection, subject to connection and
9 authentication.

10 THE COURT: I'll allow it.

11 MR. KAMARAJU: The government offers Government
12 Exhibit 211-T and ask to publish it beginning at page two.

13 THE COURT: Okay.

14 (Government's Exhibit 211-T received in evidence)

15 Q. So, look down I think at the bottom of the page where it
16 starts to run to the next one. Do you see where -- I don't
17 think I asked you because the exhibit came in.

18 Who is this call with?

19 A. Between Levent Balkan and myself.

20 Q. So do you see near the bottom of the page where Balkan says
21 "Now this we received a sum of money from HSBC," and it
22 continues onto the next page. "One and 800 dollars."

23 A. Yes, I see that, yes.

24 Q. Then do you see where he goes on to say "It was received at
25 Safir from your personal account."

HBU3ATI5

Zarrab - Direct

1 A. Yes, sir.

2 Q. What did you understand Balkan to be saying there?

3 A. I had sent \$1.8 million from my personal account in HSBC
4 bank to the Safir company account.

5 Q. Did that transfer have anything to do with the Iranian
6 business?

7 A. No, definitely not.

8 MS. FLEMING: Objection. Relevance.

9 Q. Do you see where Balkan says about midway down through the
10 page "Okay, can we think strategically here briefly."

11 A. Yes, sir.

12 Q. What did you understand him to mean there?

13 A. He says we have to think about this transaction from a
14 strategic point of view.

15 Q. Do you see where he goes on to say "I mean, I'm talking
16 about, one, American bank, two, dollars, three, Safir, I mean,
17 many factors all bundled up here."

18 A. Yes, sir. I see that.

19 Q. What did you understand him to be saying?

20 A. Mr. Levent Balkan in this telephone conversation is
21 indicating that \$1.8 million payment, when it was sent from
22 HSBC to Halkbank, because it has to be cleared over the United
23 States, the sender is Safir on one side, and the company Safir
24 is a company who trades with the Iran. He sees that as a
25 threat to the system that is working within the Halkbank, and

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Zarrab - Direct

1 he thinks that it may harm the system that's going on in
2 Halkbank.

3 Q. How do you respond?

4 A. I'm asking will there be a problem. I'm trying to
5 understand the problem.

6 Q. Can we turn to page -- do you see a little further down
7 where Balkan says "The balance, the balance is not important.
8 What's more important is security."

9 A. Yes, sir.

10 Q. What did you understand him to mean there?

11 A. There was a holiday in Turkey at that period of time, I
12 wanted this \$1.8 million to stay in Halkbank. And Mr. Levent
13 Balkan is indicating that the moneys, that \$1.8 million staying
14 in their bank is not important. The more important thing for
15 the longevity of the system that's in progress should be able
16 to keep on going. It shouldn't be in any way risked. And that
17 system is the gold trade which I had drawn out the schematics
18 for.

19 MR. KAMARAJU: We can take that down.

20 Q. Did you ever come to learn that the U.S. sanctions
21 concerning gold trading were going to change?

22 A. Yes, I did.

23 Q. Do you remember approximately when you learned that?

24 A. In the beginnings of 2013.

25 Q. Were you informed of those changes by anyone?

HBU3ATI5

Zarrab - Direct

1 A. Yes.

2 Q. How were you initially informed of those changes?

3 A. Mr. Suleyman Aslan came into contact with me and explained
4 to me that there will be changes in the sanctions -- in the
5 sanctions regulations regarding gold.

6 Q. I'd like to show you what's been marked for identification
7 as Government Exhibit 1002. If we can also bring up 1002-T
8 which has been admitted subject to connection.

9 Do you recognize Government Exhibit 1002?

10 A. Yes, I do, sir.

11 Q. What is it?

12 A. WhatsApp messages between myself and Suleyman Aslan.

13 Q. What did you use WhatsApp to communicate with Suleyman
14 Aslan about?

15 THE COURT: As reflected in this exhibit or just
16 generally?

17 MR. KAMARAJU: I mean generally.

18 A. Generally, we were writing on WhatsApp the sensitive
19 subjects, the private subjects, and important subjects.

20 Q. Whose idea was it to use WhatsApp to communicate about
21 those things?

22 A. I don't recall whose idea originally it was, but we were
23 just writing to each other.

24 Q. Does Government Exhibit 1002 reflect your WhatsApp
25 communication with Suleyman Aslan?

HBU3ATI5

Zarrab - Direct

1 A. Yes, sir.

2 Q. Do you recognize communications that you had via WhatsApp
3 on Government Exhibit 1002?

4 A. Yes, sir.

5 MR. KAMARAJU: Your Honor, the government would offer
6 Government Exhibit 1002 subject to connection and ask to
7 publish it and Government Exhibit 1002-2.

8 MS. FLEMING: Your Honor, this is -- may I be heard on
9 it?

10 THE COURT: Why don't you approach for a minute.

11 (Continued on next page)

HBU3ATI5

Zarrab - Direct

1 (At the sidebar)

2 MS. FLEMING: I have 1002-T. This is a condensed
3 version. The real WhatsApp of these guys is many stacks and
4 many thousands of calls. This is, you know, a quarter of an
5 inch.

6 THE COURT: Okay.

7 MS. FLEMING: It looks like a continuous, it is not
8 the form that it's in. It is not the real way it should be
9 done.

10 THE COURT: Okay.

11 MS. FLEMING: So, one of our points on opening was
12 that there are thousands and thousands of e-mails and all the
13 rest of it. This is not the way it's done, and this isn't the
14 way.

15 THE COURT: I don't know what you're saying. I really
16 don't.

17 MS. FLEMING: This is not the way that the -- this
18 makes it a much more sort of evil document, if I can put it
19 that way. It really emphasizes.

20 THE COURT: On cross-examination you would bring that
21 out. Right?

22 MS. FLEMING: No.

23 THE COURT: You're not denying the documents, are you?

24 MS. FLEMING: No, but this is not the way the document
25 exists. They've changed the document.

HBU3ATI5

Zarrab - Direct

1 THE COURT: But you'll point that out. You mean
2 they're not continuous?

3 MS. FLEMING: Right, they're not continuous. They've
4 deleted things and they have changed the document. This isn't
5 how it exists. What they've done is they've condensed it.
6 They've taken out all the in between.

7 MR. KAMARAJU: No, we didn't. Your Honor, that's a
8 forensic report that was obtained during the Turkish
9 investigation. We're going to have a witness who will testify
10 to that.

11 THE COURT: Okay.

12 MR. KAMARAJU: Just a totally separate point, would it
13 be possible to give the witness just a comfort bathroom break?

14 THE COURT: Sure.

15 We're going to take a five-minute break.

16 But wait. Stay here.

17 (Jury excused)

18 MS. FLEMING: These look very different from what we
19 have.

20 THE COURT: You can talk about it later.

21 MS. FLEMING: All right.

22 THE COURT: I'm having a little trouble understanding
23 where the focus is going. So I think I've been generous in
24 allowing you background, there is a lot of background. It is
25 about the sanctions, etc., etc. But, ultimately this case --

HBU3ATI5

Zarrab - Direct

1 and not even ultimately. Initially is about Mr. Atilla. So,
2 you're not saying much now about Mr. Atilla that I'm gathering.

3 MR. KAMARAJU: So --

4 THE COURT: He's charged in six counts.

5 MR. KAMARAJU: I understand, your Honor. Now, to be
6 clear, one of those counts is a money laundering count based on
7 one thing, foreign bribery.

8 THE COURT: I get that.

9 MR. KAMARAJU: But we are turning, there is a pivotal
10 change and we opened on it in the sanctions law that we are
11 exploring right now.

12 THE COURT: And the point being?

13 MR. KAMARAJU: And Mr. Atilla's role in that is to, as
14 alleged, is to digest that change, digest the sanctions, figure
15 out the loopholes and then convey them to the other members of
16 the co-conspirators to say, hey, this document that you've got
17 doesn't look right. Right. It's got mistaken information
18 that's going to draw scrutiny.

19 In order to explain why that's important, why we have
20 to talk about what the sanctions are, and sort of the -- we are
21 turning now into that period where he is making those
22 communications. But we have to be able to explain why it went
23 from gold and it is ultimately going to switch to commodities.
24 Those are the two loopholes in the sanctions that they take
25 advantage of.

HBU3ATI5

Zarrab - Direct

1 THE COURT: Why don't we just ask.

2 MR. KAMARAJU: Ask?

3 THE COURT: What were the changes.

4 MR. KAMARAJU: We can. But I don't think --

5 Mr. Zarrab can testify to his understanding of the changes
6 but --

7 THE COURT: Who is going to do that?

8 MR. KAMARAJU: To the changes?

9 THE COURT: Yes.

10 MR. KAMARAJU: I think they've already been -- they're
11 already in evidence.

12 THE COURT: But that's what I'm trying to understand.
13 What are you doing?

14 MR. KAMARAJU: I'm trying to show Halkbank's
15 instructing Zarrab or directing him as to what the changes are.
16 Because that's ultimately what the charges are.

17 THE COURT: Through these documents?

18 MR. KAMARAJU: I'll give you an example.

19 MS. FLEMING: What we have, Judge, is him saying what
20 the understanding of other people saying things are.

21 THE COURT: I got it.

22 MR. KAMARAJU: These documents, for example, include,
23 from Suleyman Aslan, they include statements like the gold is
24 going to change. Here you go.

25 THE COURT: So --

HBU3ATI5

Zarrab - Direct

1 MR. KAMARAJU: That's what I'm going to get to.

2 THE COURT: You're going to get to one particular
3 thing that involves --

4 MR. KAMARAJU: I was going to point to particular
5 ones.

6 THE COURT: Okay.

7 MR. KAMARAJU: And then there are calls that interact
8 with this document, so I was going to go through those. Those
9 involve -- Mr. Atilla is part of those calls. He's not part of
10 all of them.

11 THE COURT: The sooner you get back to Mr. Atilla, the
12 better we'll all be.

13 MR. KAMARAJU: I understand. We have to prove the
14 conspiracy. That's our challenge. We have to prove all the
15 elements.

16 THE COURT: You have to prove he's in it.

17 MR. KAMARAJU: Of course. We're very mindful we have
18 to tie him to the conspiracy.

19 THE COURT: It seems we're drifting a little bit.

20 MR. KAMARAJU: Over the break I'll try to trim it down
21 also.

22 THE COURT: Okay.

23 (Recess)

24 (Jury present)

25 THE COURT: We'll continue with direct examination.

HBU3ATI5

Zarrab - Direct

1 Go ahead, counsel.

2 MR. KAMARAJU: Thank you, your Honor.

3 BY MR. KAMARAJU:

4 Q. I'm showing you what's been marked as Government Exhibit
5 226-A.

6 MR. KAMARAJU: Your Honor, may I approach?

7 THE COURT: Yes.

8 Q. Do you recognize that?

9 A. Yes, sir.

10 Q. What is it?

11 A. CD.

12 Q. Do you know what's on that CD?

13 A. Yes, it is a transcription of a phone conversation and the
14 audio file.

15 Q. How do you recognize it?

16 A. Because I listened to it and then I initialed it.

17 Q. Who is the audio conversation with?

18 A. It's between myself and Mr. Hakan Atilla.

19 Q. Generally speaking, do you recall the subject matter of the
20 conversation?

21 A. It's about trade with Iran.

22 MR. KAMARAJU: Your Honor, the government would ask to
23 admit Government Exhibit 226-A.

24 THE COURT: I'll allow it, hearing no objection.

25 MS. FLEMING: Subject to authentication, your Honor.

HBU3ATI5

Zarrab - Direct

1 (Government's Exhibit 226-A received in evidence)

2 MR. KAMARAJU: Can we publish it? It is an audio
3 recording, your Honor.

4 THE COURT: Okay.

5 (Audio recording playing)

6 Q. I'd like to show you for identification what's been marked
7 as Government Exhibit 226-T.

8 A. Please. There is nothing on the screen. It's up now.

9 Q. Page two. Do you recognize this document?

10 MS. FLEMING: No objection, subject to authentication.

11 THE COURT: Okay. We'll allow it. But do you
12 recognize it?

13 THE WITNESS: Yes, sir.

14 MR. KAMARAJU: The government would offer Government
15 Exhibit 226-T and ask to publish it to the jury.

16 THE COURT: Okay.

17 (Government's Exhibit 226-T received in evidence)

18 Q. Who is on this call?

19 THE COURT: I'm sorry. The question was who was in
20 the call we just heard?

21 MR. KAMARAJU: Yes.

22 A. It's me, Ms. Muge, the secretary at Halkbank who transfers
23 the call, and Mr. Hakan Atilla. It is a telephone
24 transcription amongst us, the call from amongst us.

25 THE COURT: So you mean between you and Mr. Atilla?

HBU3ATI5

Zarrab - Direct

1 Is that what you're saying?

2 THE WITNESS: Yes, your Honor.

3 THE COURT: Okay. Go ahead.

4 MR. KAMARAJU: Okay.

5 Q. Do you see where Atilla says "Um, for the pending items,
6 partnership structure didn't have an official document ID or
7 registration or anything. That's why they cannot use it in the
8 transaction."

9 A. Yes, sir.

10 Q. What did you understand him to be saying there?

11 A. That the amounts being sent from Iran, and the partnership
12 structure documents pertaining to the companies who are sending
13 these amounts --

14 THE COURT: Is what?

15 THE INTERPRETER: Partnership structure documents
16 pertaining to these companies who are sending these amounts.

17 A. -- would have to be submitted to Halkbank.

18 MS. FLEMING: Your Honor, translation issue. It is
19 "shareholder agreement."

20 THE COURT: Sit. Please. Go ahead.

21 Q. What is your understanding of the document that he's
22 referring to?

23 A. It is a document that would show the partnership structure
24 of the companies in Iran who are sending money to Safir and
25 Royal.

HBU3ATI5

Zarrab - Direct

1 Q. Would the document disclose the Iranian ownership of the
2 company?

3 A. Yes, sir.

4 Q. How would it get sent to the bank?

5 THE COURT: What?

6 Q. How would it get sent to the bank?

7 A. It would be translated, it would receive an apostille in
8 Iran, it would be endorsed, approved, and the original as well
9 as an e-mail would be forwarded to the bank.

10 Q. Were you ever told why the bank needed this kind of
11 document?

12 A. Certainly.

13 Q. What were you told?

14 A. After a while, regarding the gold trade, there was some
15 changes made in the United States sanctions and regulations.
16 The companies that were sending moneys and appear to be buyers
17 of gold, these companies could not have anybody or any agency
18 that would be associated or affiliated with the government over
19 there in Iran.

20 However, I'd like to underline this. That in response
21 to the money that was coming in, gold was never sent to Iran.

22 MS. FLEMING: Move to strike as non-responsive.

23 THE COURT: I'll allow it.

24 Q. Now, why were you dealing with Hakan Atilla on this issue?

25 A. During time periods where transactions may be hanging or

HBU3ATI5

Zarrab - Direct

1 money transfers may be delayed, there were times that we would
2 either reach out to Mr. Hakan Atilla or there were times that
3 he might reach out to us.

4 Q. Why would you reach out to Hakan Atilla?

5 A. Because the person in charge of the part that would pertain
6 to where our money was getting stuck, where our money was
7 getting delayed, was Mr. Hakan Atilla.

8 Q. I'd like to show you what's been marked as --

9 THE COURT: Before you do, I'd like to more fully
10 understand this call. Did you call him or did he call you?

11 THE WITNESS: Based on what could be understood from
12 listening to the audio of this call, it appears that they had
13 called me, sir.

14 THE COURT: And they called you for what purpose?

15 THE WITNESS: In order to inform me, your Honor, what
16 was holding up the pending or the missing money and what
17 document was needed.

18 THE COURT: But in the call, he asks you for some
19 documentation; is that the purpose of this call?

20 THE WITNESS: Yes, your Honor.

21 THE COURT: Do you say you are going to find it for
22 him or get it for him?

23 THE WITNESS: Yes, your Honor.

24 THE COURT: And that information is what exactly? Is
25 that in the highlighted box on the screen in yellow?

HBU3ATI5

Zarrab - Direct

1 THE WITNESS: This is the official document that would
2 need to be sent with regard to the company that had sent the
3 money from Iran, and it would need to be translated and
4 certified. It would be an official document, your Honor.

5 THE COURT: Okay. Is that what he's asking for?

6 THE WITNESS: Yes, your Honor.

7 THE COURT: Okay.

8 BY MR. KAMARAJU:

9 Q. I'd like to show you what has been previously admitted as
10 Government Exhibit 1000-2 and 1000 -- sorry. 1002 and
11 Government Exhibit 1002-T.

12 THE COURT: Is this the document you were looking at
13 before?

14 MR. KAMARAJU: Yes, your Honor. It may be easier --
15 that's fine.

16 Mr. Chang-Frieden, can you turn to page seven on
17 Exhibit 1002-T. And can you turn to page six on 1002.

18 Your Honor, the pages are slightly off because of the
19 translation.

20 Q. Mr. Zarrab, do you see a message with a time stamp
21 05.02.2013, 21:00:21?

22 A. If you can zoom in a little bit, please.

23 Q. Do you see that message?

24 A. Yes, sir.

25 Q. Who is it from?

HBU3ATI5

Zarrab - Direct

1 A. This is from Mr. Suleyman Aslan.

2 MR. KAMARAJU: Is there a way, Mr. Chang-Frieden, to
3 blow up the same message on 1002-T?

4 THE COURT: That's the translation?

5 MR. KAMARAJU: Yes.

6 Q. Do you see where Aslan says "There are a couple of subjects
7 which we have to talk with you."

8 A. Yes, I see that, sir.

9 Q. Then the next message, do you see where it says "Famous
10 date of February 6 has arrived. Oil income cannot be used for
11 the trade of valuable metals."

12 A. Yes, sir, I see that.

13 Q. What did you understand him to mean there?

14 A. Mr. Suleyman Aslan, the general manager of Halkbank, he is
15 telling me that the February 6 date arrived and that we would
16 not be able to get money out of Halkbank through gold trading
17 any longer.

18 (Continued on next page)

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HBUPATI6

Zarrab - Direct

1 Q. And not the next message, but the message after that, do
2 you see where he says: "There's a huge demand in food,
3 medicine and similar commodities"?

4 A. Yes, sir.

5 Q. Now, Mr. Zarrab, other than your tea business, had you ever
6 traded food before?

7 A. I had sent sesame from Dubai to Turkey a few times.

8 Q. Were you a medicine trader?

9 A. No, sir.

10 Q. And had you ever done any food trade through Halkbank
11 before this time?

12 A. No, sir. I never conducted food trade with Iran in the
13 past.

14 Q. So what's your understanding of why Suleyman Aslan was
15 telling you about the demand for food and medicine?

16 A. He is recommending and advising us that we would not be
17 able to move the existing oil money of Iran that's in Halkbank,
18 we won't be able to move it out through gold trade anymore and
19 that we would now need to do food and medicine trade to be able
20 to do so. In other words, he's giving us direction regarding
21 this matter.

22 Q. Okay. And do you see where you ask: "I'm ready for your
23 visit whenever you want. When does the precious metal ban
24 thing start"?

25 A. Yes, sir. I see that.

HBUPATI6

Zarrab - Direct

1 Q. Does he tell you when it starts?

2 A. He doesn't say it in this particular message, but in
3 another message that will come, he will say that.

4 Q. And what does he tell you?

5 A. If I can please see that on the screen. *"Right now, it's
6 not stopped. There is time until the beginning of July, but
7 the amount is limited. We can only channelize the oil money to
8 food and medicine."

9 So he's saying that you won't be able to do this
10 through gold until the beginning of July, that there's time
11 until after the beginning of July, but that we would be able to
12 use the limited funds through food and medicine trade.

13 Q. And you see at the very bottom where you say: "Hopefully,
14 we will create solutions for all of those"?

15 A. Translate the Turkish version of it. Yes, sir.

16 Q. Did you ever meet with Suleyman Aslan to discuss switching
17 to the food trade?

18 A. Yes, sir.

19 Q. Approximately when was that first?

20 A. It was about this time. It would be just soon after this.
21 In other words, within a month or so after this.

22 Q. And what did you discuss with Aslan at that meeting?

23 A. We talked about how we would be able to get money out of
24 Halkbank through the food trade. We talked about that method
25 and that system.

HBUPATI6

Zarrab - Direct

1 Q. I'd like to show you what's marked as Government
2 Exhibit 291-T. Do you recognize this document?

3 A. Yes, sir.

4 Q. What is it?

5 A. Transcription of a phone conversation.

6 Q. Do you remember this call?

7 A. I remember, sir.

8 Q. Did you participate in it?

9 A. Yes, sir.

10 Q. Have you listened to a recording of this call?

11 A. I listened to it, sir.

12 Q. And did the recording accurately capture your conversation?

13 A. Yes, sir.

14 Q. And who are you speaking with during this call?

15 A. With Abdullah Happani, sir.

16 Q. And approximately when was this call?

17 A. After I had left the meeting that I had with Mr. Suleyman.

18 MR. KAMARAJU: The government would offer Government
19 Exhibit 291-T.

20 MS. FLEMING: No objection subject to authentication
21 and connection.

22 THE COURT: I'll allow it.

23 (Government's Exhibit 291-T received in evidence)

24 MR. KAMARAJU: And I'll ask to publish it beginning on
25 page 2 initially.

HBUPATI6

Zarrab - Direct

1 BY MR. KAMARAJU:

2 Q. Do you see at the top, where Happani asks: "Did you go to
3 the meeting"?

4 A. Yes, sir.

5 Q. What did you understand him to be asking you there?

6 A. He's asking me if I had gone to the meeting with Suleyman
7 Aslan, or if I had this conversation with him.

8 Q. And what do you tell him?

9 A. I say, yes, I left. I met and I left.

10 Q. Do you see where the transcript says: "He/she says, 'Do
11 some food'"?

12 A. Yes, sir, I see that.

13 Q. Okay. What are you referring to there?

14 A. I'm conveying to Mr. Abdullah that Mr. Suleyman is telling
15 us that we need to do some food in addition to the gold trade.

16 Q. And do you see where you say: "They will stop the gold in
17 a month and a half"?

18 A. I see it, sir.

19 Q. What did you understand that -- what were you saying there?

20 A. I am saying that the diagram that I had drawn before, that
21 system, we will not be able to use that system to be able to
22 get money out of Halkbank anymore. In other words, we will not
23 be able to use gold trade to remove money out of Halkbank from
24 that point forward.

25 Q. So what were you going to have to do?

HBUPATI6

Zarrab - Direct

1 A. Would need to find a new method and a new system.

2 Q. And do you see where you say --

3 THE COURT: As of what date, do you remember?

4 THE WITNESS: Approximately the fourth month.

5 THE COURT: In 2000 and --

6 THE WITNESS: 2013, your Honor.

7 BY MR. KAMARAJU:

8 Q. Okay. Do you see where you say it says: "Do food. He/she
9 says, 'If nothing else, I'll extend it for two three months.'
10 He/she keeps saying 'do food'"?

11 A. Yes, sir, I see that.

12 Q. What did you mean there?

13 A. Mr. Suleyman is telling me that we need to go towards food
14 because once the United States says you cannot remove money
15 through gold trade, through the sanctions, we will not be able
16 to do that, and that we would need to go towards another trade.
17 Suleyman is advising me on that.

18 The most that he could do is to extend the period
19 where the gold trade could still be conducted for a few months.
20 And for that reason, he is advising that we need to move
21 towards food and that the gold was not a permanent solution any
22 longer.

23 Q. Do you see where he asks you: So we do not have to send it
24 from Turkey?

25 A. Yes, sir.

HBUPATI6

Zarrab - Direct

1 Q. What's your understanding of why -- what he meant there?

2 A. So during this part of the phone conversation, Abdullah
3 Happani gets confused because Abdullah Happani is used to the
4 gold trade and the gold method. We send gold to Dubai and
5 convert it into cash. He doesn't understand how we would do
6 this through food.

7 Q. And why doesn't he understand?

8 A. Because in order to make the international payments for
9 Iranians, you need to get money out of Halkbank and need to
10 convert it into cash and make international payments with that.
11 With gold, you can take one ton or five tons of gold per day
12 and convert it into cash. But this is not possible through
13 food products because there's no actual trade involved.

14 Q. What do you mean, there's no actual trade?

15 A. Well, gold is just the tool or an accessory in terms of
16 Iran being able to make their international payments. Since he
17 thinks that food would not be compatible with that, that's why
18 he gets confused.

19 Q. Could we turn to Page 3. And do you see where -- the next
20 page. Do you see where you say: "It's not a big deal. He/she
21 says, 'Provide it, how you provide it is not a problem; provide
22 it.' He/she says 'Provide cikina.' He/she says 'Have him/her
23 send cikina, it's not a problem'"?

24 A. Yes, I see that.

25 Q. What did you mean by that?

HBUPATI6

Zarrab - Direct

1 A. Since Abdullah could not understand this on the phone, I'm
2 trying to explain it to him. I'm telling Abdullah that no real
3 food would be sent. I'm telling him that the man is telling us
4 to submit fake documents. That's what I'm saying. That's what
5 I am referring to.

6 Q. I'd like to show you what's been marked for identification
7 as Government Exhibit 236-T. Do you recognize the exhibit?

8 A. Yes, sir.

9 Q. What is it?

10 A. Transcription of a phone conversation.

11 Q. Do you remember the call?

12 A. Yes, I remember, sir.

13 Q. Did you participate in the call?

14 A. Yes, sir.

15 Q. Did you listen to a recording of this call?

16 A. I listened to it, sir.

17 Q. Did the recording accurately capture your conversation?

18 A. It reflected so, sir.

19 Q. And who participated in the call?

20 A. It's Abdullah Happani and myself, sir.

21 MR. KAMARAJU: Your Honor, the government is going to
22 offer Government Exhibit 236-T.

23 MS. FLEMING: No objection, subject to authentication
24 and connection.

25 THE COURT: I'll allow it.

HBUPATI6

Zarrab - Direct

(Government's Exhibit 236-T received in evidence)

MR. KAMARAJU: And could we publish that?

THE COURT: Yes.

MR. KAMARAJU: Starting on page 2.

BY MR. KAMARAJU:

Q. Do you see at the top there where you say: "Okay, all right, brother. Thank you. Abdullah, I just left Halk. He/she says, 'Get started on that food'"?

A. Yes, sir.

Q. And what did you understand it -- withdrawn.

What did you mean by that?

A. What I mean here is that I had left the meeting at Halkbank again, and Halkbank had told me that we need to start food again. Halk is saying start on food; so I'm telling him that we're being told that we need to start on food.

Q. Okay. Now, can we go to Page 3. Do you see where Hapmani says: "In fact, let's let started right away through Volgam, if you like"?

A. I see it, sir.

Q. What is Volgam?

A. Volgam is also another company that is owned by me, and it's a company that we use under the umbrella of Royal.

Q. Okay. I'd like to show you Government Exhibit 1002-T and 1002 again, I believe page 13 on both exhibits. If we can just blow up communication 09.04.2013, at the top of the screen,

HBUPATI6

Zarrab - Direct

1 8:40:55. We'll just be here very briefly, but Mr. Zarrab, what
2 are we looking at here?

3 A. This is messages on WhatsApp between myself and Suleyman
4 Aslan, sir.

5 Q. And who sent this message?

6 A. I'm the sender, sir.

7 Q. And what did you say to Suleyman Aslan?

8 A. I say: "My dear general manager, I started food today."
9 In other words, I'm saying the food trade has started.

10 Q. Now, had you actually shipped any food through Halkbank by
11 April 9, 2013?

12 A. No.

13 Q. Okay. Could we turn to page 14 at of 1002-T and blow up
14 the message at 11:47:27 on April 9th?

15 A. Yes, sir.

16 MR. KAMARAJU: Your Honor, may I approach?

17 THE COURT: Yes.

18 Q. I'm showing you what's been marked for identification as
19 Government Exhibit 295-A. Do you recognize that?

20 A. Yes, sir.

21 Q. What is it?

22 A. This is a CD containing a phone conversation in transcript
23 and audio form.

24 Q. And how do you recognize the CD?

25 A. I listened to the CD, and I had my initials on it, sir.

HBUPATI6

Zarrab - Direct

1 Q. And what is it an audio recording of?

2 A. It's a phone conversation that takes place between myself
3 and Hakan Atilla, sir.

4 Q. And can we bring up on the screen Government Exhibit 295-T,
5 and turn to the second page.

6 Mr. Zarrab, do you recognize Government Exhibit 295-T?

7 A. Yes, sir. I recognize it.

8 Q. What is it?

9 A. It's a phone conversation that takes place between myself
10 and Mr. Hakan Atilla.

11 Q. Is it a transcript of the conversation that occurs on
12 295-A?

13 A. Yes, sir.

14 MR. KAMARAJU: Your Honor, the government would offer
15 Government Exhibits 295- --

16 THE COURT: Do you want to play it?

17 MR. KAMARAJU: Sure. I was going to play it right
18 after. Can we --

19 THE COURT: Well, play it now.

20 MR. KAMARAJU: Okay. I just thought we should admit
21 it first, but I'm happy to play it.

22 THE COURT: Okay. Sure.

23 MS. FLEMING: Subject to authentication and
24 connection.

25 THE COURT: Yes, right, right.

HBUPATI6

Zarrab - Direct

1 MR. KAMARAJU: I don't know how -- well, I'd also
2 offer Government Exhibit 295-T.

3 THE COURT: Okay.

4 MS. FLEMING: Same objection.

5 (Government's Exhibits 295-A and 295-T received in
6 evidence)

7 MR. KAMARAJU: Mr. Chang-Frieden, can we play
8 Government Exhibit 295-A.

9 (Audiotape being played)

10 MR. KAMARAJU: We can pause that. I was going to
11 refer to the transcript, your Honor, but I'm happy to continue
12 playing the call.

13 THE COURT: If you have a whole transcript, you need
14 the whole phone conversation.

15 MR. KAMARAJU: That's fine. Continue the call.

16 (Audiotape being played)

17 BY MR. KAMARAJU:

18 Q. Okay. Now, Mr. Zarrab, who were you speaking with?

19 A. Mr. Hakan Atilla.

20 Q. Do you remember when this call was?

21 A. It should be approximately the fourth month.

22 Q. Of what year?

23 A. The fourth month. I'm not sure that I remember the date
24 correctly. It could be a fourth, fifth or the sixth month, but
25 it should be the fourth month.

HBUPATI6

Zarrab - Direct

1 Q. And what was the general subject matter of the call?

2 A. This is a phone conversation related to the food trade
3 brokering business that I had discussed with Mr. Suleyman
4 Aslan.

5 Q. And why are you speaking about it with Mr. Atilla?

6 A. I don't recall exactly, and it could be that Mr. Atilla had
7 called me at the direction of the branch perhaps, but that's
8 why -- or perhaps I called Mr. Atilla and this could be at the
9 direction of the branch.

10 Q. Do you see on the second page --

11 MR. KAMARAJU: Oh, your Honor, I can't remember if I
12 admitted the government exhibit.

13 THE COURT: I think you did.

14 MR. KAMARAJU: Okay.

15 THE COURT: But we'll admit it.

16 BY MR. KAMARAJU:

17 Q. Do you see on the second page where you say: "The other
18 day our dear general manager and I came to a mutual agreement
19 about a matter. We are starting the food transactions"?

20 A. Yes.

21 Q. And you see, what is Atilla's response?

22 A. He says, yes, I have knowledge of this matter.

23 Q. And you refer to -- you see an amount for testing purposes
24 has come to Royal?

25 A. Yes.

HBUPATI6

Zarrab - Direct

1 Q. What did you mean by that?

2 A. There was a payment that had come to Royal, but the money
3 had not been deposited into the account yet, just as it would
4 be waiting in the times of gold trade. And in previous times
5 when the money would be delayed at Halkbank, I would be talking
6 to Mr. Atilla. And here, to Mr. Hakan Atilla, I'm stating the
7 same to Mr. Atilla. I'm saying that the payment had been
8 received by Royal and that the workers at the bank, those
9 individuals at the bank, are asking for the documentation for
10 the food trade, but based on my conversation with Mr. Suleyman,
11 we were supposed to submit these documents to the bank after
12 three or four days.

13 Q. Do you see where you say that "Food is a little different
14 than gold"?

15 A. Yes, I see that.

16 Q. What were you saying there?

17 A. Now, Mr. Hakan knew, based on my -- Mr. Hakan knew --
18 Mr. Hakan was aware, based on the result of my meeting with
19 Mr. Suleyman, that the food trade would be started. However,
20 I'm trying to explain to Mr. Hakan Atilla that this food trade
21 would be different than the gold trade.

22 Q. And why would it be different?

23 A. Because with the gold, there is export of goods out of
24 Turkey, but with the food, it was going to look as if it was
25 being sent in as a transit from Dubai over to Iran.

HBUPATI6

Zarrab - Direct

1 Q. And what did Atilla ask you in response?

2 A. He says can it be done through a letter of credit? Why
3 payment upfront?

4 Q. What did you understand him to be asking you there?

5 A. Can you repeat the question, please.

6 Q. Sure. What did you understand him to be saying there?

7 A. As of this whole conversation, Mr. Hakan Atilla was aware
8 that we were going to be involved and we were going to be
9 conducting food trade, that is as of that day. However, at
10 this time, Mr. Hakan Atilla did not know that this transaction
11 would not involve actual trade. So Mr. Hakan Atilla is trying
12 to understand this during this phone conversation.

13 Q. Now, do you see where, turning to that same page, you say:
14 "The credit -- doing the letter of credit would add time. I
15 mean, it would cause a delay in my procedure"?

16 A. Yes, sir.

17 Q. What did you mean by that?

18 A. Since there would be no actual goods being sent, there was
19 no way that we could have done this through a letter of credit
20 anyway.

21 Q. Now, could you turn to page 3, and do you see where Atilla
22 says: "Let me look into that, Mr. Reza. I mean, this
23 structure is not what I thought, to be honest"?

24 THE INTERPRETER: Which part is that?

25 Q. Do I have the wrong page? I'll check one thing. On this

HBUPATI6

Zarrab - Direct

1 page, my apologies, do you see where it says: "Let me look
2 into that, Mr. Reza. I mean, the structure is not what I had
3 thought, to be honest"?

4 A. Yes, I see that, sir.

5 Q. What did you understand him to mean there?

6 A. Mr. Hakan Atilla had understood, through his general
7 manager or perhaps through the branch, that there would be real
8 food trade, and now he's saying in this phone call that this is
9 not as I had thought. So he's clearly stating that this does
10 not match up with what he had heard.

11 Q. What did you do after this phone call?

12 A. Then I had a conversation with Mr. Suleyman Aslan.

13 Q. Where was that conversation?

14 A. It was at the bank.

15 Q. When did that conversation happen?

16 A. Possibly on the same day.

17 Q. What did you talk about with Aslan during that meeting?

18 A. I went and I told Mr. Suleyman that I had talked to
19 Mr. Hakan and that Mr. Hakan did not understand the matter
20 completely, and I asked him how we should go about it.

21 Q. And how did he respond?

22 A. Could you repeat the question, please?

23 Q. How did he respond?

24 A. The best I remember is that he gave orders to unblock the
25 transaction and to go ahead and carry it out.

HBUPATI6

Zarrab - Direct

1 Q. And do you remember who he gave those orders to?

2 A. To Mr. Hakan Atilla.

3 MS. FLEMING: Can we get a foundation for that, Judge?

4 THE COURT: Keep going.

5 Q. How do you know that that's who he gave the orders to?

6 A. Because he called in my presence as he gave these
7 instructions.

8 THE COURT: Who did? Who called?

9 THE WITNESS: Mr. Suleyman Aslan, your Honor.

10 THE COURT: And he called who?

11 THE WITNESS: Mr. Hakan Atilla, your Honor.

12 THE COURT: And you were on the call, or you heard the
13 call?

14 THE WITNESS: I was face to face with Suleyman Aslan
15 during a meeting at this time, sir.

16 BY MR. KAMARAJU:

17 Q. Could you please bring up Government Exhibit 297-T. Do you
18 recognize this?

19 A. If I may look at it real quick, please.

20 (Pause)

21 Yes, sir.

22 Q. Do you recognize this? What is it?

23 A. I recognize it, sir. It's a transcription of a phone
24 conversation.

25 Q. Did you participate in the call?

HBUPATI6

Zarrab - Direct

1 A. Yes, sir.

2 Q. Do you remember the call?

3 A. I remember, sir.

4 Q. Who participated in the call?

5 A. It was Abdullah --

6 THE INTERPRETER: It's cutting out, sorry.

7 A. It was Abdullah Happani and myself.

8 Q. What was the purpose of the call?

9 A. I was informing Abdullah Happani following my meeting with
10 Mr. Suleyman Aslan, sir.

11 MR. KAMARAJU: The government offers Government
12 Exhibit 297-T.

13 MS. FLEMING: Subject to connection and
14 authentication.

15 THE COURT: I'll allow it.

16 (Government's Exhibit 297-T received in evidence)

17 MR. KAMARAJU: And could we publish that, beginning at
18 page 2, please.

19 BY MR. KAMARAJU:

20 Q. Now, do you see where you say: "I am resolving that thing,
21 the matter about closing." It's a little bit down the page.

22 A. Yes, sir.

23 Q. What did you mean there?

24 A. I had discussed with Suleyman Aslan the matter of closing
25 down Ahmet Alacaci's account.

HBUPATI6

Zarrab - Direct

1 Q. And remind us who is Ahmet Alacaci?

2 A. Ahmet Alacaci is a friend of Turker Sargin, who is in my
3 company and who is the individual who had told me that a gold
4 trade might be possible.

5 Q. At this time, was he one of your competitors?

6 A. Yes. Initially, I was using his companies and, later on,
7 he began to do his own trade with Iran.

8 Q. And why were you asking Aslan to close his account?

9 A. Because Ahmet Alacaci knew that I was giving a share of the
10 profit to Zafer Caglayan, and he knew that our costs, my costs,
11 were higher than his, and since he wasn't making any payments
12 to anybody and the share of Zafer Caglayan, he was putting a
13 price out there in the market that was much lower than ours.
14 Because of that, I had discussed this with Mr. Suleyman Aslan,
15 and I'm talking about that here.

16 Q. Could you turn to the next page of the exhibit. Actually,
17 could we keep going? Okay. Stop there.

18 Okay. Do you see where you say: "My dear, we will do
19 that anyway." It's about in the middle of the page. "We are
20 starting that. They placed a roadblock today, and I went there
21 and had it removed you see"?

22 A. Yes.

23 Q. What did you mean?

24 A. But just as I explained earlier, Mr. Hakan Atilla did not
25 know about this matter as of the first time that we had met; so

HBUPATI6

Zarrab - Direct

1 I approached Mr. Suleyman regarding this matter and came to a
2 solution.

3 Q. Do you see further down where you say: "The man made the
4 call in my presence"?

5 A. Yes, sir.

6 Q. "And said: 'You will do this job, do you understand'?"

7 A. Yes, sir.

8 Q. What did you mean there?

9 A. Mr. Suleyman called Mr. Hakan in my presence and told him
10 that they will do this business, and I'm conveying this to
11 Mr. Abdullah Happani.

12 Q. Do you see where you say: "Hakan Atilla threw a wrench in
13 the gears, and he threw this thing"?

14 A. Yes.

15 Q. What did you mean by that?

16 A. Just as it was heard in the first phone conversation
17 earlier, Hakan Atilla was not open to this idea for it to be
18 conducted.

19 Q. And then do you see where Happani asks you: "So is he
20 going to receive the six into the account now"?

21 A. Yes, sir.

22 Q. What's your understanding of what he was asking you?

23 A. So referring to the payments for which I have called
24 Mr. Hakan, he's asking for a confirmation as to whether that
25 amount would be deposited or not.

HBUPATI6

Zarrab - Direct

1 Q. And how do you respond?

2 A. I'm saying that they were going to deposit it into the
3 account. It was going to happen.

4 Q. Now, could you please play -- or my apologies. Could we
5 please pull up Government Exhibit 298-T. Just take a second
6 here.

7 A. Yes, sir.

8 Q. Do you recognize it?

9 A. Yes, sir.

10 Q. What is it?

11 A. It's a transcript of a phone conversation.

12 Q. Did you participate in that call?

13 A. Yes, sir.

14 Q. Do you remember it?

15 A. I remember it, sir.

16 Q. Have you listened to a recording of that call?

17 A. I listened to that, sir.

18 Q. Did it accurately capture your conversation?

19 A. Yes, sir.

20 Q. Who participated in that call?

21 A. It was Hakkan Aydogan from Halkbank and myself.

22 Q. Who is Hakkan Aydogan?

23 A. Hakkan Aydogan is another staff member that worked at
24 Halkbank with regards to foreign transactions.

25 Q. And what was the general purpose of this call?

HBUPATI6

Zarrab - Direct

1 A. We had discussed the food trade with Mr. Suleyman; so this
2 is in regards to that.

3 Q. And was this before or after your meeting with Suleyman
4 Aslan?

5 A. It's after that, sir.

6 Q. And do you remember why you were talking to Aydogan?

7 A. Mr. Aydogan possibly had received a call from the branch;
8 so he's just trying to figure out the matter.

9 (Continued on next page)

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HBU3ATI7

Zarrab - Direct

1 Q. What were you discussing with him at this time?

2 A. That we would be brokering food trade, that would do food
3 trade.

4 MR. KAMARAJU: Your Honor, the government offers
5 Government Exhibit 298-T.

6 THE COURT: I'll allow it.

7 (Government's Exhibit 298-T received in evidence)

8 MS. FLEMING: Subject to authentication and
9 connection.

10 MR. KAMARAJU: Could we please put up Government
11 Exhibit 1002 and 1002-T. Can we go to page 22 on 1002-T, and
12 page 20 on 1002.

13 Can we start at the message that's on 21.04.2013,
14 13:04:13.

15 Q. Do you see that message where you ask Suleyman Aslan "What
16 do you think about the news that showed up in the U.S.A. media.
17 Will that restrict you in a serious manner?"

18 A. Yes, sir.

19 Q. What did you mean by that?

20 A. There were news on the media regarding the embargo and the
21 sanctions by the United States, the gold trade, and I'm
22 referring to that in this.

23 Q. Do you see two messages down where Aslan says "They say
24 that the gold trade should be sanctioned."

25 A. I see it, sir.

HBU3ATI7

Zarrab - Direct

1 Q. Do you see later in the that same message that he says
2 "Hurriyet says in headlines that United States lawmakers wanted
3 Halkbank to be sanctioned."

4 A. Yes, I see that, sir.

5 Q. Do you see there is a message on 22.04.2013, 07:02:22. Do
6 you see where it says "We will discontinue brokerage in the
7 gold trade by the end of May. We will determine the absolute
8 end date after talking to you."

9 A. Yes, I see that, sir.

10 Q. What did you understand him to mean there?

11 A. He says there is no change to the current system at this
12 point, but that he would stop the gold trade by the end of May,
13 but that he would discuss with me the final date for that trade
14 to occur by discussing this with me.

15 THE COURT: Counsel, I think this is going to be a
16 good time we stop, because I have to take up something with you
17 all. Is that okay with you?

18 MR. KAMARAJU: I was going to ask about one more
19 message or two more messages. It is two very short ones. I'll
20 read them into the record.

21 THE COURT: When you go to the Turkish bath, you're
22 going to sweat.

23 MR. KAMARAJU: That is totally fair.

24 Q. Do you see where Suleyman Aslan says the message at
25 4.22.2013, at 7:25:55, "No, we don't have a problem in the

HBU3ATI7

1 food. Do you have a problem with the method proposed by Hakan
2 Atilla?"

3 THE COURT: With what?

4 Q. With the method proposed by Hakan Atilla?

5 A. Yes, sir.

6 Q. Do you see where it say related to the food trade payments?

7 THE INTERPRETER: Could you repeat that, please?

8 Q. Do you see where it says related to the food trade
9 payments?

10 THE INTERPRETER: It's not up yet.

11 A. Yes.

12 Q. What do you say in response?

13 A. I say, "No, that is absolutely a very correct method."

14 MR. KAMARAJU: Your Honor, those are the few messages
15 I was hoping to complete today.

16 THE COURT: We'll pick up with that tomorrow. Thanks.
17 So we'll excuse the witness. And we'll excuse the jury too.
18 I'll give the jury the instructions.

19 (Witness not present)

20 THE COURT: Do you all want to leave? You can if you
21 wish.

22 So the instructions are, first, don't talk to each
23 other about the case or about anyone who has anything do with
24 it until the end of the case when you go to the jury room to
25 deliberate.

HBU3ATI7

1 Second, don't talk with anyone else about the case or
2 about anyone who has anything to do with it until the trial has
3 ended and you have been discharged as jurors.

4 Third, don't let anyone talk to you about the case or
5 about anyone who has anything to do with it. And if someone
6 should try to talk to you about the case, please report that to
7 Christine or me immediately.

8 Fourth, please don't read any news or internet stories
9 or articles or blogs or listen to any radio or TV or cable or
10 internet reports about the case or about anyone who has
11 anything to do with it.

12 And fifth, please do not do any type of research or
13 investigation about the case on your own.

14 So we're making good progress and I'll see you
15 tomorrow morning. Tomorrow, Friday, I think you can count on
16 being home after 2 o'clock some time. So we're going to have a
17 shortened day. Okay. Thanks very much.

18 (Jury excused)

19 THE COURT: I want to talk to you about a request we
20 got from the media. And it is about the feed in the overflow
21 courtroom. Remember we discussed this yesterday.

22 So the technology is such, as you know, that the way
23 we see the exhibits up here can't be shown downstairs. That is
24 to say, the technology is such that you can't see the exhibit
25 before and after. So, if the exhibit hasn't become an exhibit

HBU3ATI7

1 and it were introduced into evidence, that's all that can be
2 shown. And so, for example, if something does not ultimately
3 get admitted into evidence, they see it anyway early, so to
4 speak.

5 So, what we did today was not to show the exhibits
6 down there to avoid that issue. And people are upset and I
7 understand it. In the overflow courtroom, unlike here, they
8 can't see the documents. And it doesn't seem to me that this
9 is going to be fixed any time soon, because it is a programming
10 issue. There is nothing wrong with the system, but the system
11 is not programmed in the overflow courtroom as it is up here.

12 So, my proposal is going to be that, for tomorrow, we
13 go back to the way it was and they'll see, whoever is in the
14 overflow courtroom, will see documents, even though they may
15 not get admitted into evidence, if that's agreeable to you.

16 MR. DENTON: Your Honor, I don't think we have a
17 problem with that as long as we can be sure that the jury
18 doesn't see anything before it's admitted.

19 THE COURT: No, it has no impact in this courtroom.
20 What happens in this courtroom is working correctly and will
21 continue to work the same way. This only relates to the
22 overflow courtroom where the problem seems to exist, and
23 there's interest in seeing -- those are people who can't fit
24 into this courtroom. And they're interested in seeing the
25 documents.

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1 One thing we could do is give them the advice that
2 whatever they might see may not really come into the case as
3 evidence ultimately.

4 MR. ROCCO: But, your Honor, I think under those
5 circumstances, you can't muzzle the press.

6 THE COURT: You can't what?

7 MR. ROCCO: You can't muzzle the public or the press.
8 It's already there. So that creates a problem for us. Quite
9 frankly, because there are a lot of people watching what's
10 going on here.

11 THE COURT: Well, the only ones who can see what's
12 actually going on here are those in this courtroom. And there
13 are not enough seats. I don't know how many people are down in
14 the overflow, but sufficient number that they have asked us.

15 MR. ROCCO: There are two rooms.

16 THE COURT: I know that, but I don't know how many
17 people -- there is one room in particular that has the most of
18 the overflow.

19 MR. ROCCO: Your Honor, can we confer among ourselves?

20 THE COURT: Yes.

21 MR. ROCCO: Certainly the press will or whoever is in
22 the overflow room will have access to whatever's admitted into
23 evidence at some point --

24 THE COURT: Their complaint is they don't see it.

25 MR. ROCCO: Simultaneously?

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1 THE COURT: Yes.

2 MR. ROCCO: So the solution is --

3 THE COURT: As they had been, by the way, unbeknownst
4 to myself. When the system was set up it went for Monday,
5 Tuesday, Wednesday, the way it was going, and no one knew that,
6 you know, you couldn't distinguish down there between
7 pre-exhibit and exhibit. So that's the issue. So they saw it
8 that way up until yesterday.

9 MR. ROCCO: With all the heads at defense table, may
10 we have a minute to confer?

11 THE COURT: Sure.

12 (Pause)

13 MR. ROCCO: Your Honor, our concern is that there is a
14 lot going on here that affects the rights of people, and quite
15 frankly, if something is not admitted into evidence, we think
16 that it is unfair to those people who aren't here in the
17 courtroom, aren't represented by counsel, so we would prefer
18 leaving the system in place that what's admitted into evidence
19 is essentially what's published to the world, and what is not
20 stays unpublished.

21 THE COURT: How are those people going to see and when
22 will they be able to see what's published?

23 MR. ROCCO: Well, one proposal -- I'm sorry, I didn't
24 mean to interrupt the Court.

25 THE COURT: No.

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1 MR. ROCCO: One proposal would be at the end of the
2 day what's admitted into evidence, they would get to see.

3 THE COURT: Hard copy or something?

4 MR. ROCCO: Sure. Hard copies or PDFs. It could be
5 published. And we could make it our business to make sure that
6 it's available, to assist the Court in any way we can.

7 I think in terms of what's said in this courtroom,
8 because in a sense the eyes of the world are watching, I think
9 to the extent there are privacy rights simply indicated, and
10 things are not published in the courtroom, I don't think that
11 we can agree to a system where what's marked for evidence winds
12 up --

13 THE COURT: In the public domain.

14 MS. FLEMING: We've been asked by members of the press
15 if we would make exhibits available, they've asked us, for
16 example, for the government's exhibits. We've sent them to the
17 government and said it's not our business to give them
18 government exhibits. I think if the Court said at the end of
19 the day each side should make our exhibits available, I think
20 that would be fine. The ones that are in evidence.

21 MR. DENTON: I think we're talking about a little bit
22 of a logistical nightmare in terms of people who are focused on
23 trying a case and not a media strategy.

24 We also have a particular problem here because defense
25 counsel has objected to page one of the various transcripts,

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1 which are still subject to connection and authentication. So
2 we would be in a position where we would have to be offering --
3 we have to make redacted exhibits of pages two through the end
4 to be available, because that's the part that's been fully
5 admitted at this point. So I think we are in a situation where
6 that's a little bit of a problem.

7 If defense counsel's position is it is too difficult
8 or not appropriate to display downstairs, I think we may have
9 to just live with the current status quo.

10 THE COURT: I don't think we can do that. People are
11 certainly entitled to the exhibits. Why don't you, after we
12 break up here, meet and confer with the government and see. I
13 do think we should make exhibits available and see how much is
14 entailed. I haven't been keeping track. I don't know how many
15 exhibits, for example, are admitted on a particular day. But
16 they are probably available in hard copy somewhere. Right?
17 Because that's how they get introduced.

18 MS. FLEMING: Somewhere.

19 MR. ROCCO: Yes, and I think we can probably put them
20 all together, but I think they're scattered.

21 MS. FLEMING: I'm sure we can do it if we worked
22 together.

23 THE COURT: What kind of time frame do you think if we
24 stopped now? There must be some sort of an easier way.

25 MR. DENTON: I think as far as timing, your Honor, we

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1 would obviously have to wait for the court reporters every day
2 because we would have to review the transcript to get the sort
3 of official word on which exhibits were admitted. Then I think
4 obviously we would have to prepare the transcripts for any of
5 the exhibits that have only been fully received in part at this
6 time. And I think then we're talking about quite late at
7 night, and frankly, a somewhat limited set of resources.

8 I'm not suggesting the press doesn't have a right to
9 public exhibits at a public trial, but I think also asking the
10 parties to produce that in hard copy is frankly going to make
11 it difficult to prepare for the next day.

12 THE COURT: I get it. Okay. All right. Why don't
13 you meet and confer and see if you can come up with anything
14 and I'll think about it until tomorrow.

15 MS. FLEMING: I asked Sid how long he thought he would
16 be and can we ask who the next witness is? Or if they want to
17 tell us privately, that's fine.

18 MR. KAMARAJU: I'm going to go back and review the
19 direct and see. I anticipate I will take up at least all of
20 tomorrow. But I may be able to cut it down, but I think
21 tomorrow for sure. We'll inform them of all the witnesses.

22 THE COURT: Okay. And I need to have you come early
23 tomorrow because I have to go through my notes. I'm a little
24 unclear about the transcripts versus the CDs so to speak.

25 MR. KAMARAJU: Okay.

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1 THE COURT: And before we do talk tomorrow, if you
2 could look in -- I think there are oral statements relating to
3 motions in limine that bear on this issue, and then it was
4 discussed yesterday in a transcript and then seemed a little
5 inconsistent to me. I didn't quite get how you're planning to
6 go about authenticating it. If you would look up that issue,
7 see what's been said, those are the two places that I can
8 remember that it has been discussed before. Maybe other places
9 as well.

10 MR. KAMARAJU: Sure. I can just offer for
11 communications that Mr. Zarrah himself --

12 THE COURT: Don't answer now. First look at it, I
13 wasn't sure it was consistent. So first you've got to get
14 consistent. I don't want a third version, if there is two
15 versions now.

16 MR. KAMARAJU: Okay.

17 THE COURT: All right. So I'll see you 8:45.

18 (Adjourned until December 1, 2017, 8:45 a.m.)
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